

CITY OF BLYTHE, CALIFORNIA

ANNUAL AUDIT REPORT

Year Ended June 30, 2012

City of Blythe, California
Annual Audit Report
Year Ended June 30, 2012

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Independent Auditors' Report

City Council
City of Blythe
Blythe, California

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Blythe, California, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Blythe, California, as of June 30, 2012, and the respective changes in financial position, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2013 on our consideration of the City of Blythe's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying financial statements have been prepared assuming that the City of Blythe, California, will continue as a going concern. As discussed in Note 24 to the financial statements, the City's General Fund and several other funds have a negative fund balance. The enterprise funds also had negative net assets and negative changes in net assets. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 24. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As explained in Note 25, the Redevelopment Agency previously reported as a blended component unit was dissolved by legislation in the California State Legislature and a decision by the California Supreme Court.

Accounting principles generally accepted in the United States of America require that the budgetary comparison and schedule of funding progress information on pages 56 to 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an

appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Teaman Ramirez & Smith, LLC.

April 9, 2013

BASIC FINANCIAL STATEMENTS

City of Blythe, California
Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Investments	\$ 5,463,999	\$ 843,222	\$ 6,307,221
Restricted Cash and Investments	755,906		755,906
Receivables:			
Accounts	479,955	764,992	1,244,947
Interest	2,384	677	3,061
Notes	539,457		539,457
Loans	809,209		809,209
Other		7,219	7,219
Due from Other Governments	1,089,963		1,089,963
Internal Balances	2,688,339	(2,688,339)	0
Inventory	21,793	80,044	101,837
Land Held for Resale	180,000		180,000
Deferred Charges		142,000	142,000
Land and Construction in Progress, Not Being Depreciated	693,360		693,360
Capital Assets, Net of Depreciation	<u>27,177,868</u>	<u>36,578,482</u>	<u>63,756,350</u>
 Total Assets	 <u>39,902,233</u>	 <u>35,728,297</u>	 <u>75,630,530</u>
LIABILITIES			
Accounts Payable	1,035,415	314,175	1,349,590
Accrued Liabilities	1,379,457	59,749	1,439,206
Deposits and Other Liabilities	191,315	156,992	348,307
Due to Other Government Agencies	3,600,936	1,415,414	5,016,350
Unearned Revenue	34,212		34,212
Interest Payable on Long-term Liabilities	103,340		103,340
Long-term Liabilities:			
Due Within One Year	719,665	824,799	1,544,464
Due in More Than One Year	<u>8,878,842</u>	<u>9,318,614</u>	<u>18,197,456</u>
 Total Liabilities	 <u>15,943,182</u>	 <u>12,089,743</u>	 <u>28,032,925</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	22,205,564	27,046,120	49,251,684
Restricted for:			
Low and Moderate Income Housing	1,232,548		1,232,548
Debt Service	732,371		732,371
Streets	3,697,872		3,697,872
Construction	223,991		223,991
Other Purposes	181,959		181,959
Unrestricted	<u>(4,315,254)</u>	<u>(3,407,566)</u>	<u>(7,722,820)</u>
 Total Net Assets	 <u>\$ 23,959,051</u>	 <u>\$ 23,638,554</u>	 <u>\$ 47,597,605</u>

The accompanying notes are an integral part of this statement.

City of Blythe, California
Statement of Activities
Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 2,205,333	\$ 654,284	\$ 542	\$
Public Safety	5,931,820	42,279	383,625	163,801
Parks and Recreation	477,103	108,665	226,726	
Public Works	2,510,741	416,593	2,395,023	
Community Development	3,285,670	177,564	3,114	348,454
Interest on Long-term Debt	2,000,986			
Total Governmental Activities	16,411,653	1,399,385	3,009,030	512,255
Business-type Activities:				
Water Utility	2,603,210	2,349,533		
Sewer Utility	2,457,955	2,854,878		
Solid Waste	2,001,714	2,171,746	11,722	
Golf Course	42,882			
Total Business-type Activities	7,105,761	7,376,157	11,722	0
Total Primary Government	\$ 23,517,414	\$ 8,775,542	\$ 3,020,752	\$ 512,255
		General Revenues:		
		Property Taxes		
		Sales and Use Taxes		
		Motor Vehicle in Lieu Tax		
		Franchise Taxes		
		Transient Occupancy Taxes		
		Real Property Transfer Taxes		
		Fines, Forfeitures and Penalties		
		Investment Income		
		Miscellaneous		
		Extraordinary Item		
		Transfers		
		Total General Revenues, Extraordinary Item and Transfers		
		Change in Net Assets		
		Net Assets - Beginning of Year		
		Net Assets - End of Year		

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,550,507)	\$	\$ (1,550,507)
(5,342,115)		(5,342,115)
(141,712)		(141,712)
300,875		300,875
(2,756,538)		(2,756,538)
(2,000,986)		(2,000,986)
<u>(11,490,983)</u>	<u>0</u>	<u>(11,490,983)</u>
	(253,677)	4,699,066
	396,923	5,709,756
	181,754	181,754
	(42,882)	(42,882)
<u>0</u>	<u>282,118</u>	<u>282,118</u>
<u>(11,490,983)</u>	<u>282,118</u>	<u>(11,208,865)</u>
3,437,556		3,437,556
1,854,290		1,854,290
1,429,183		1,429,183
358,517		358,517
899,374		899,374
19,110		19,110
57,788		57,788
93,142	3,003	96,145
266,185		266,185
16,872,847		16,872,847
1,415,339	(1,415,339)	0
<u>26,703,331</u>	<u>(1,412,336)</u>	<u>25,290,995</u>
15,212,348	(1,130,218)	14,082,130
<u>8,746,703</u>	<u>24,768,772</u>	<u>33,515,475</u>
<u>\$ 23,959,051</u>	<u>\$ 23,638,554</u>	<u>\$ 47,597,605</u>

The accompanying notes are an integral part of this statement.

City of Blythe, California
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Special Revenue	
		Redevelopment Agency	Measure A
ASSETS			
Cash and Investments	\$ 12,730	\$	\$ 2,246,802
Cash with Fiscal Agent			
Accounts Receivable	477,183		
Interest Receivable			2,044
Loans Receivable			
Due from Other Governments	167,666		783,509
Notes Receivable	539,457		
Advances to Other Funds			
Land Held for Resale			
	<u>\$ 1,197,036</u>	<u>\$ 0</u>	<u>\$ 3,032,355</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 62,777	\$	\$
Accrued Liabilities	547,207		
Deposits and Other Liabilities	191,315		
Deferred Revenue	34,212		
Due to Other Government Agencies	2,721,780		
	<u>3,557,291</u>	<u>0</u>	<u>0</u>
Fund Balances:			
Nonspendable	539,457		
Restricted			3,032,355
Unassigned	(2,899,712)		
	<u>(2,360,255)</u>	<u>0</u>	<u>3,032,355</u>
Total Fund Balances	<u>(2,360,255)</u>	<u>0</u>	<u>3,032,355</u>
Total Liabilities and Fund Balances	<u>\$ 1,197,036</u>	<u>\$ 0</u>	<u>\$ 3,032,355</u>

The accompanying notes are an integral part of this statement.

Debt Service		Capital Project	Other	Total
Redevelopment Agency	Public Financing Authority	Redevelopment Agency	Governmental Funds	Governmental Funds
\$	\$	\$	\$	\$
	755,906		1,877,095	4,136,627
				755,906
				477,183
			299	2,343
			809,209	809,209
			138,788	1,089,963
				539,457
	2,445,000		243,339	2,688,339
			180,000	180,000
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>0</u>	<u>3,200,906</u>	<u>0</u>	<u>3,248,730</u>	<u>10,679,027</u>
\$	\$	\$	\$	\$
			927,988	990,765
			20,819	568,026
				191,315
				34,212
	23,535		855,621	3,600,936
<u>0</u>	<u>23,535</u>	<u>0</u>	<u>1,804,428</u>	<u>5,385,254</u>
	3,177,371		2,304,015	539,457
			(859,713)	8,513,741
				(3,759,425)
<u>0</u>	<u>3,177,371</u>	<u>0</u>	<u>1,444,302</u>	<u>5,293,773</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>0</u>	<u>3,200,906</u>	<u>0</u>	<u>3,248,730</u>	<u>10,679,027</u>

The accompanying notes are an integral part of this statement.

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City of Blythe, California
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2012

Fund Balances of Governmental Funds	\$ 5,293,773
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets, net of depreciation, have not been included as financial resources in governmental fund activity.	27,453,916
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	
Interest Payable on Long-term Liabilities	(103,340)
Long-term Liabilities	(9,464,127)
Internal service funds are used to charge the cost of activities to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.	<u>778,829</u>
Net Assets of Governmental Activities	<u><u>\$ 23,959,051</u></u>

The accompanying notes are an integral part of this statement.

City of Blythe, California
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2012

	General Fund	Special Revenue	
		Redevelopment Agency	Measure A
REVENUES			
Property Taxes	\$ 1,150,291	\$ 467,609	\$
Other Taxes	3,131,291		
Licenses, Permits and Fees	184,949		
Intergovernmental Revenues	2,055,729		1,733,402
Charges for Services	996,389		
Fines, Forfeitures and Penalties	8,091		
Investment Income	1,666	8,280	10,718
Miscellaneous	161,257		
Total Revenues	7,689,663	475,889	1,744,120
EXPENDITURES			
Current:			
General Government	1,301,565		
Public Safety	5,095,216		
Parks and Recreation	411,321		
Public Works	102,243		
Community Development	484,513	399,389	
Pass-through Payments			
Capital Outlay	44,950		
Debt Service:			
Principal Retirement	180,000		155,203
Interest	88,670		81,008
Total Expenditures	7,708,478	399,389	236,211
Excess (Deficiency) of Revenues over Expenditures	(18,815)	76,500	1,507,909
OTHER FINANCING SOURCES (USES)			
Transfers In	2,001,525		
Transfers Out	(1,431,301)		(1,333,333)
Total Other Financing Sources (Uses)	570,224	0	(1,333,333)
Extraordinary Item		(7,855,326)	
Net Change in Fund Balances	551,409	(7,778,826)	174,576
Fund Balances, Beginning	(2,911,664)	7,778,826	2,857,779
Fund Balances, Ending	\$ (2,360,255)	\$ 0	\$ 3,032,355

The accompanying notes are an integral part of this statement.

Debt Service		Capital Project	Other	Total
Redevelopment Agency	Public Financing Authority	Redevelopment Agency	Governmental Funds	Governmental Funds
\$ 1,870,434	\$	\$	\$ 186,239	\$ 3,674,573
				3,131,291
			31,808	216,757
			1,154,356	4,943,487
				996,389
			49,697	57,788
3,314		16,496	52,548	93,022
			61,957	223,214
<u>1,873,748</u>	<u>0</u>	<u>16,496</u>	<u>1,536,605</u>	<u>13,336,521</u>
129,201	14,465	28,303	13,213	1,486,747
			18,730	5,113,946
				411,321
			1,812,610	1,914,853
		1,948,127		2,832,029
714				714
			842,446	887,396
5,242	225,000			565,445
<u>1,260,846</u>	<u>354,920</u>			<u>1,785,444</u>
<u>1,396,003</u>	<u>594,385</u>	<u>1,976,430</u>	<u>2,686,999</u>	<u>14,997,895</u>
<u>477,745</u>	<u>(594,385)</u>	<u>(1,959,934)</u>	<u>(1,150,394)</u>	<u>(1,661,374)</u>
	519,890	313,148	1,976,919	4,811,482
<u>(368,458)</u>		<u>(279,254)</u>	<u>(475,662)</u>	<u>(3,888,008)</u>
<u>(368,458)</u>	<u>519,890</u>	<u>33,894</u>	<u>1,501,257</u>	<u>923,474</u>
<u>(3,141,490)</u>		<u>(8,833,534)</u>	<u>1,181,224</u>	<u>(18,649,126)</u>
(3,032,203)	(74,495)	(10,759,574)	1,532,087	(19,387,026)
<u>3,032,203</u>	<u>3,251,866</u>	<u>10,759,574</u>	<u>(87,785)</u>	<u>24,680,799</u>
<u>\$ 0</u>	<u>\$ 3,177,371</u>	<u>\$ 0</u>	<u>\$ 1,444,302</u>	<u>\$ 5,293,773</u>

The accompanying notes are an integral part of this statement.

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City of Blythe, California
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds \$ (19,387,026)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as an expenditure in the full amount as current financial resources are used. However, in the Statement of Activities the cost of these assets is allocated over the estimated useful life as depreciation expense.

Capital Outlay	597,755
Depreciation	(1,798,391)

Governmental funds report retirements of the principal of long-term debt as expenditures, but retirements are included as a reduction of long-term liabilities in the Statement of Net Assets.

Long-term Debt Principal Payments	565,445
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Amortization of debt issuance cost is not reported in governmental funds, but the amortization is included in the Statement of Activities.

Amortization of Debt Issuance Cost	(40,306)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as governmental fund expenditures.

Interest and Fiscal Charges	(205,421)
Net Change in Compensated Absences	93,712
Net OPEB Obligation	(535,178)

Assets and Liabilities that are due and payable in the current period are not reported in the funds. These amounts represent the difference in the extraordinary loss in the governmental funds and the extraordinary gain (loss) in the Statement of Activities, due to the dissolution of the Redevelopment Agency.

Capital Assets	(201,387)
Unamortized Issuance Costs	(1,285,178)
Long-term Liabilities	36,392,678
Accrued Interest	615,860

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(50,778)
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Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the Internal Service Funds is included in the Statement of Activities.

450,563

Change in Net Assets of Governmental Activities	<u><u>\$ 15,212,348</u></u>
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City of Blythe, California
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-type Activities Enterprise Funds			
	Water Utility	Sewer Utility	Solid Waste Utility	Golf Course
ASSETS				
Current Assets:				
Cash and Investments	\$ 90,522	\$ 752,700	\$	\$
Receivables:				
Accounts	261,744	288,214	215,034	
Interest		677		
Other	1,431	3,752	2,036	
Inventory	74,617	5,427		
Total Current Assets	428,314	1,050,770	217,070	0
Noncurrent Assets:				
Deferred Charges	87,600	54,400		
Capital Assets, Net of Depreciation	22,102,345	14,300,526		175,611
Total Noncurrent Assets	22,189,945	14,354,926	0	175,611
Total Assets	22,618,259	15,405,696	217,070	175,611
LIABILITIES				
Current Liabilities:				
Accounts Payable	120,177	23,206	170,792	
Accrued Liabilities	39,975	17,941	658	1,175
Due to Other Government Agencies			109,547	1,305,867
Total Current Liabilities	160,152	41,147	280,997	1,307,042
Noncurrent Liabilities:				
Advances from Other Funds	1,063,094	1,570,000		55,245
Deposits Payable	156,313			679
Loan Payable	7,845,728	1,686,634		400,000
Compensated Absences Payable	107,726	102,510	815	
Lease Obligations				
Total Noncurrent Liabilities	9,172,861	3,359,144	815	455,924
Total Liabilities	9,333,013	3,400,291	281,812	1,762,966
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	14,256,617	12,613,892		175,611
Unrestricted	(971,371)	(608,487)	(64,742)	(1,762,966)
Total Net Assets	\$ 13,285,246	\$ 12,005,405	\$ (64,742)	\$ (1,587,355)

The accompanying notes are an integral part of this statement.

Totals	Governmental Activities - Internal Service Funds
\$ 843,222	\$ 1,327,372
764,992	2,772
677	41
7,219	
80,044	21,793
1,696,154	1,351,978
142,000	
36,578,482	417,312
36,720,482	417,312
38,416,636	1,769,290
314,175	44,650
59,749	811,431
1,415,414	
1,789,338	856,081
2,688,339	
156,992	
9,932,362	
211,051	76,925
0	57,455
12,988,744	134,380
14,778,082	990,461
27,046,120	359,857
(3,407,566)	418,972
\$ 23,638,554	\$ 778,829

The accompanying notes are an integral part of this statement.

City of Blythe, California
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
Year Ended June 30, 2012

	Business-type Activities Enterprise Funds			
	Water Utility	Sewer Utility	Solid Waste Utility	Golf Course
OPERATING REVENUES				
Charges for Services	\$ 2,290,661	\$ 2,707,388	\$ 2,157,997	\$
Other Fees and Sales	57,912	147,185	13,749	
Other Revenues	960	305		
Total Operating Revenue	<u>2,349,533</u>	<u>2,854,878</u>	<u>2,171,746</u>	<u>0</u>
OPERATING EXPENSES				
Personnel Services	800,909	770,858	27,052	
Contractual Services	42,113	38,255	1,936,394	
Power and Utilities	268,761	124,349		2,520
Maintenance and Operations	459,616	593,022	38,268	8,025
Insurance				
Depreciation	952,466	860,945		29,358
Total Operating Expenses	<u>2,523,865</u>	<u>2,387,429</u>	<u>2,001,714</u>	<u>39,903</u>
Operating Income (Loss)	<u>(174,332)</u>	<u>467,449</u>	<u>170,032</u>	<u>(39,903)</u>
NONOPERATING REVENUES (EXPENSES)				
Grant Revenue			11,722	
Investment Income	258	2,745		
Interest and Fiscal Charges	<u>(79,345)</u>	<u>(70,526)</u>		<u>(2,979)</u>
Total Nonoperating Revenues (Expenses)	<u>(79,087)</u>	<u>(67,781)</u>	<u>11,722</u>	<u>(2,979)</u>
Income (Loss) Before Transfers	(253,419)	399,668	181,754	(42,882)
Transfers In				
Transfers Out	<u>(523,352)</u>	<u>(591,987)</u>	<u>(300,000)</u>	
Change in Net Assets	(776,771)	(192,319)	(118,246)	(42,882)
Net Assets - Beginning	<u>14,062,017</u>	<u>12,197,724</u>	<u>53,504</u>	<u>(1,544,473)</u>
Net Assets - Ending	<u><u>\$ 13,285,246</u></u>	<u><u>\$ 12,005,405</u></u>	<u><u>\$ (64,742)</u></u>	<u><u>\$ (1,587,355)</u></u>

The accompanying notes are an integral part of this statement.

	Governmental Activities - Internal Service Funds
Totals	
\$ 7,156,046	\$ 1,476,236
218,846	
1,265	49,952
7,376,157	1,526,188
1,598,819	393,917
2,016,762	10,700
395,630	112,124
1,098,931	372,972
0	482,251
1,842,769	185,525
6,952,911	1,557,489
423,246	(31,301)
11,722	
3,003	120
(152,850)	(10,121)
(138,125)	(10,001)
285,121	(41,302)
0	612,798
(1,415,339)	(120,933)
(1,130,218)	450,563
24,768,772	328,266
<u>\$ 23,638,554</u>	<u>\$ 778,829</u>

The accompanying notes are an integral part of this statement.

City of Blythe, California
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2012

	Business-type Activities Enterprise Funds			
	Water Utility	Sewer Utility	Solid Waste Utility	Golf Course
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 2,365,267	\$ 2,855,108	\$ 2,188,334	\$
Cash Payments for Employee Services	(803,842)	(792,867)	(28,687)	(379)
Cash Payments to Suppliers for Goods and Services	(777,768)	(806,195)	(1,970,094)	(10,768)
Other Operating Revenue	960	305		
Net Cash Provided (Used) by Operating Activities	784,617	1,256,351	189,553	(11,147)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Government Grants			11,722	
Advances from (to) Other Funds	(523,352)	(591,987)	(201,275)	14,126
Net Cash Provided (Used) by Noncapital Financing Activities	(523,352)	(591,987)	(189,553)	14,126
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(45,610)	(36,826)		
Principal Paid on Advances	4,344	(50,000)		
Principal Paid on Long-term Obligations	(392,286)	(387,674)		
Lease Obligations Payments				
Interest Paid on Long-term Obligations	(79,345)	(70,526)		(2,979)
Net Cash Provided (Used) by Capital and Related Financing Activities	(512,897)	(545,026)	0	(2,979)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	258	2,825		
Net Cash Provided (Used) by Investing Activities	258	2,825	0	0
Net Increase (Decrease) in Cash and Cash Equivalents	(251,374)	122,163		
Cash and Cash Equivalents - Beginning of the Year	341,896	630,537	0	0
Cash and Cash Equivalents - End of the Year	\$ 90,522	\$ 752,700	\$ 0	\$ 0
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (174,332)	\$ 467,449	\$ 170,032	\$ (39,903)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	952,466	860,945		29,358
Changes in Assets and Liabilities:				
Accounts, Loans and Other Receivables (Increase)/Decrease	16,270	535	16,588	
Inventory (Increase)/Decrease	(56,649)	5,292		
Accounts Payable (Decrease)/Increase	49,371	(55,861)	4,568	(223)
Accrued Liabilities (Decrease)/Increase	(6,755)	(26,896)	(1,631)	(379)
Deposits Payable (Decrease)/Increase	424			
Compensated Absences (Decrease)/Increase	3,822	4,887	(4)	
TOTAL CASH PROVIDED BY OPERATING ACTIVITIES	\$ 784,617	\$ 1,256,351	\$ 189,553	\$ (11,147)

The accompanying notes are an integral part of this statement.

	Governmental Activities - Internal Service Funds
Totals	
\$ 7,408,709	\$ 1,476,239
(1,625,775)	(409,323)
(3,564,825)	(970,186)
1,265	49,952
2,219,374	146,682
11,722	
(1,302,488)	491,865
(1,290,766)	491,865
(82,436)	(38,325)
(45,656)	
(779,960)	
0	(198,821)
(152,850)	(10,121)
(1,060,902)	(247,267)
3,083	94
3,083	94
(129,211)	391,374
\$ 972,433	935,998
\$ 843,222	\$ 1,327,372
\$ 423,246	\$ (31,301)
1,842,769	185,525
33,393	3
(51,357)	6,691
(2,145)	(15,812)
(35,661)	1,329
424	
8,705	247
\$ 2,219,374	\$ 146,682

The accompanying notes are an integral part of this statement.

City of Blythe, California
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Successor Agency Private-purpose Trust Fund	Agency Funds
ASSETS		
Cash and Investments	\$ 5,639,898	\$ 1,068,426
Cash and Investments with Fiscal Agent	3,697,136	312,448
Accounts Receivable		116,007
Interest Receivable	4,939	
Loans Receivable	1,162,709	
Due from Other Funds	36,531	
Due from Other Governments	6,797,299	917,829
Land Held for Resale	900,000	
Unamortized Bond Issuance Costs	1,256,387	
Other Assets		30,004
Land	201,387	770,495
	<hr/>	<hr/>
Total Assets	19,696,286	3,215,209
	<hr/>	<hr/>
LIABILITIES		
Accounts Payable	133,245	961,849
Due to Other Funds		36,531
Interest Payable	411,050	
Deposits and Other Liabilities		836,430
Deferred Revenues		1,070,309
Notes Payable	544,407	
Bonds Payable	35,640,000	
Due to Bondholders		310,090
	<hr/>	<hr/>
Total Liabilities	36,728,702	\$ 3,215,209
	<hr/>	<hr/>
NET ASSETS		
Net Assets Held in Trust for Redevelopment (Deficit)	<u><u>\$ (17,032,416)</u></u>	

The accompanying notes are an integral part of this statement.

City of Blythe, California
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2012

	Successor Agency Private-purpose Trust Fund
ADDITIONS	
Taxes	\$ 1,780,949
Investment Income	33,588
Total Additions	<u>1,814,537</u>
DEDUCTIONS	
Administration	164,190
Community Development	810,566
Interest Expense	970,560
Amortized Issuance Costs	<u>28,790</u>
Total Deductions	<u>1,974,106</u>
Extraordinary Item	<u>(16,872,847)</u>
Change in Net Assets	(17,032,416)
Net Assets - Beginning of Year	<u>0</u>
Net Assets - End of Year	<u><u>\$ (17,032,416)</u></u>

The accompanying notes are an integral part of this statement.

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City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

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City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Reporting Entity

The City of Blythe, California, was incorporated on July 21, 1916, as a General Law City. The City operates under a Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, water, sanitation, health and social services, culture-recreation, public improvements, community development (planning, building, zoning) and general administrative services. Under this system, the people elect a city council of five citizens who serve a term of four years and a mayor serving a term of two years and who, in turn, appoint a City Manager.

The financial statements of the City of Blythe include the financial activities of the City, the Blythe Redevelopment Agency and the Blythe Public Financing Authority. In accordance with GASB Statement No. 14, the basic criteria for including an agency, institution, authority or other organization in a governmental unit's financial reporting entity is financial accountability. Financial accountability includes, but is not limited to: 1) selection of the governing body, 2) imposition of will, 3) ability to provide a financial benefit to or impose financial burden on and 4) fiscal dependency.

There may, however, be factors other than financial accountability that are so significant that exclusion of a particular agency from a reporting entity's financial statements would be misleading. These other factors include scope of public service and special financing relationships.

Based upon the application of these criteria, an agency, institution or authority, may be included as a component unit in the primary government's financial statements. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. There are no discretely presented component units in these financial statements. Each blended component unit presented has a June 30th year end. The following is a brief review of each component unit included in the primary government's reporting entity.

Blythe Redevelopment Agency

The Agency was activated in July 1984, by the City of Blythe as a separate governing body. The City Council declared by Ordinance that the City Council will serve as the Board of Directors of the Agency. The primary purpose of the Agency is to eliminate blighted areas by encouraging development of residential, commercial, industrial, recreational and public facilities. The City's Council-members designate management and have full accountability for the Agency's fiscal matters. The Agency's activities are blended with those of the City in these financial statements and are reported as a special revenue fund, a debt service fund and a capital project fund. On February 1, 2012, the Blythe Redevelopment Agency was dissolved by legislation from the California State legislature and a decision by the California Supreme Court. The City of Blythe is the Successor Agency to the Blythe Redevelopment Agency which oversees the remaining activities of the former Blythe Redevelopment Agency. These activities are reflected as a special private-purpose trust fund in the fiduciary statements (see Note 25).

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A) Reporting Entity - Continued

Blythe Public Financing Authority

The Authority's Board of Directors is the Blythe City Council and a special financing relationship exists between the Authority and the City. The Authority is consequently considered to be a component unit of the City. The Authority's activities are blended with those of the City in these financial statements and are reported as a debt service fund.

A component unit financial statement for the Blythe Financing Authority previously described may be obtained at 235 North Broadway, Blythe, California 92225.

Other Governmental Agencies

Other governmental agencies providing various levels of service to the City include the State of California, County of Riverside, as well as various special districts and school districts.

Each of the above agencies has an independently elected governing board or is dependent on an independently elected governing board other than the City Council of the City of Blythe. Therefore, financial data and transactions of these agencies are not included within the scope of this financial report.

Not included in these financial statements is the Risk Management Authority as described in Note 22.

B) Basis of Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Government-wide Statements: The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the City include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items that are properly not included among program revenues are reported instead as general revenues.

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B) Basis of Presentation - Continued

Fund Financial Statements: Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities. Agency funds only report assets and liabilities and therefore have no net assets in the Statement of Fiduciary Net Assets and no additions or deletions in the Statement of Changes in Fiduciary Net Assets.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, intergovernmental revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and are therefore recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is used to account for all financial resources of the City, except for those required to be accounted for in another fund.

The *Redevelopment Agency Special Revenue Fund* is used to account for the receipt of 20% set-a-side bond proceeds and tax increment revenue, housing subsidy grants, utility assistance grants, housing renovation projects, property acquisition for low/mod housing projects of the Agency.

The *Measure A Special Revenue Fund* is used to account for receipting of restricted funds and to account for the transfers of these restricted funds to the Capital Streets Project Fund for street improvement projects.

The *Redevelopment Agency Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs within the Agency's project area.

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

The *Public Financing Authority Debt Service Fund* is used to account for the accumulation of resources for, and the repayment of, long-term debt principal, interest and related costs of the Authority.

The *Redevelopment Agency Capital Project Fund* is used to account for receipt of tax exempt bond proceeds, rehabilitation projects, City facility and Agency facility projects.

The City reports the following major proprietary funds:

The *Water Utility Fund* is used to account for the receipting of monies received for providing water related services and to account for all expenditures such as salaries and benefits, billing services, operation and maintenance, and water related projects such as new or improved infrastructure.

The *Sewer Utility Fund* is used to account for the receipting of monies received for providing sewer and wastewater services and to account for all expenditures such as salaries and benefits, billing services, operation and maintenance, and sewer and wastewater related projects such as new or improved infrastructure.

The *Solid Waste Utility Fund* is used to account for the receipting of all monies received for trash and landfill services provided by the City through a Contractor. To account for all expenditures such as contract services, billing services, and other miscellaneous expenditures.

The *Golf Course Fund* is used to account for receipting of all monies received for golf course fees, cart fees, rental fees, and other miscellaneous revenue. To account for expenditures related to operation and maintenance of golf course, salaries and benefits, equipment purchases, and projects related to the improvement of the golf course.

Additionally, the City reports the following fund types:

The *Internal Service Funds* are used to account for goods or services provided by one department to other departments on a cost-reimbursement basis.

The *Agency Funds* are used to account for money received by the City as an agent for individuals, other governments and other entities.

The *Private-purpose Trust Fund* is used to report resources held in trust for the Successor Agency to the Blythe Redevelopment Agency.

The City applies all applicable GASB pronouncements in accounting and reporting for its proprietary operations as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Direct expenses have not been eliminated from the functional categories; indirect expenses and internal payments have been eliminated.

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then use unrestricted as they are needed.

D) Investments

As a governmental entity other than an external investment pool in accordance with GASB 31, the City's investments are stated at fair value except for interest-earning investment contracts and external investment pool (see Note 2).

In applying GASB 31, the City utilized the following methods and assumptions:

- 1) Fair value is based on quoted market prices as of the valuation date;
- 2) The portfolio did not hold investments in any of the following:
 - a) Items required to be reported at amortized cost,
 - b) Items in external pools that are not SEC-registered,
 - c) Items subject to involuntary participation in an external pool,
 - d) Items associated with a fund other than the fund to which the income is assigned;
- 3) Aside from investments clearly identified as belonging to a specific fund, any unrealized gain/loss resulting from the valuation will be recognized within the General Fund to the extent its cash and investments' balance exceeds the cumulative value of those investments subject to GASB 31;
- 4) The gain/loss resulting from valuation will be reported within the revenue account "Investment Income" on the Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds.

E) Cash and Cash Equivalents

In accordance with GASB Statement 9, for purposes of the Statement of Cash Flows, all cash and investments with original maturities of 90 days or less are considered cash or cash equivalents. For financial statement presentation purposes cash and cash equivalents are shown as cash and investments in the Proprietary Funds Statement of Net Assets.

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F) Inventories

Inventories are valued using the average cost method. Inventories consist of expendable supplies held for consumption and future additions to capital assets. The cost is recorded as an expenditure at the time individual inventory items are used.

G) Employee Compensated Absences

In accordance with GASB Statement No. 16, a liability is recorded for unused vacation, sick, holiday benefits and compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payment upon termination or retirement.

H) Inter-fund Activity

In the governmental fund financial statements, activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans).

Noncurrent portions of long-term inter-fund loan receivables are reported as advances and such amounts are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

In the government-wide financial statements, these activities have been eliminated.

I) Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Assets purchased in excess of \$5,000 are capitalized if they have an expected useful life of 2 years or more. Capital assets acquired through lease obligations are valued at the present value of future lease payments at the date acquired. Donated capital assets are valued at their estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset's lives are not capitalized.

Major capital outlay for capital assets and improvements are capitalized as projects are constructed. For debt-financed capital assets, interest incurred during the construction phase is reflected in the capitalization value of the asset constructed, net of interest earned on the invested proceeds over the same period. There is no interest capitalized by the City for the year ended June 30, 2012.

Infrastructure assets acquired or constructed in the current year have been capitalized. However, infrastructure assets acquired or constructed in prior years have not been capitalized. Pursuant to GASB Statement No. 34, the City will be required to capitalize all infrastructure assets meeting capitalization criteria in future years.

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

I) Capital Assets - Continued

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the Statement of Net Assets.

The range of lives used for depreciation purposes for each capital asset class is as follows:

Computer Equipment	5 - 10 years
Land Improvements	20 - 25 years
Machinery and Equipment	5 - 12 years
Structures and Improvements	20 - 25 years
Vehicles	5 years
Buildings	20 - 50 years
Plant	20 - 40 years
Infrastructure	25 - 60 years

J) Fund Equity

The City implemented GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* as of June 30, 2011. Fund balance in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The City considers restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact.

Restricted Fund Balance - Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed Fund Balance - Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance or resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken to remove or revise the limitation.

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J) Fund Equity - Continued

Assigned Fund Balance - Amounts that are constrained by the City's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body, or by an official to whom the authority has been given.

Unassigned Fund Balance - These are either residual positive net resources of the General Fund in excess of what can properly be classified in one of the other categories, or negative balances in all other funds.

K) Use of Estimates

Management of the City uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenditures/expenses. Actual results could vary from the estimates that management uses.

L) Property Tax Calendar

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date	January 1 st	
Levy Date	July 1 st to June 30 th	
Due Date	November 1 st	- 1st Installment
	February 1 st	- 2nd Installment
Delinquent Date	December 10 th	- 1st Installment
	April 10 th	- 2nd Installment

Under California Law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas prescribed by the state statutes. A delinquency penalty of 6 percent is assessed by the County of Riverside. If taxes become delinquent, subject properties may be deeded to the State and may be sold by the County for taxes plus a 1 percent per month redemption fee.

M) Extraordinary Item

The extraordinary item included in the fund financial statements and the government-wide financials are due to the dissolution of the Blythe Redevelopment Agency as of February 1, 2012. On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 that provides for the dissolution of all redevelopment agencies in the State of California. The remaining assets and liabilities of the former redevelopment agency were transferred to a Successor Agency, the City of Blythe, which are reported in a private-purpose trust fund in the fiduciary statements (see Note 25).

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

2) CASH AND INVESTMENTS

The City has adopted an investment policy that authorizes the City's investment in demand accounts with banks and the Local Agency Investment Fund (LAIF). Investments are selected based on safety, liquidity and yield.

Cash and investments consist of the following:

Statement of Net Assets:	
Cash and Investments	\$ 6,307,221
Restricted Cash and Investments	755,906
Statement of Fiduciary Net Assets:	
Cash and Investments	6,708,324
Cash and Investments with Fiscal Agent	<u>4,009,584</u>
 Total Cash and Investments	 <u>\$ 17,781,035</u>

Cash and investments consist of the following:

Petty Cash	\$ 2,280
Deposits with Financial Institutions	2,984,461
Investments	<u>14,794,294</u>
 Total Cash and Investments	 <u>\$ 17,781,035</u>

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio ⁽¹⁾	Maximum Investment In One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements ⁽²⁾	92 days	20% of base value	None
Local Agency Investment Fund (LAIF)	N/A	None	None

⁽¹⁾ Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

⁽²⁾ City Council approval is required prior to purchase.

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

2) CASH AND INVESTMENTS - Continued

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rates risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

The City had the following investments. Except for the investments held by Bond Trustee, all investments are in the City's internal investment pool.

		Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Money Market Funds ⁽¹⁾	\$ 3,716,790	\$ 3,716,790	\$	\$	\$
State Investment Pool - LAIF ⁽¹⁾	6,311,994	6,311,994			
Held by Bond Trustee:					
Money Market Funds	<u>4,765,490</u>	<u>4,765,490</u>			
Total	<u>\$ 14,794,274</u>	<u>\$ 14,794,274</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

⁽¹⁾Money Market Funds of \$3,716,790 and LAIF amounts of \$5,196,859 are investments of the Successor Agency. The Money Market Funds are not authorized by the City's investment policy.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the minimum rating required by (where applicable) the California Government Code or the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

		Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End		
Investment Type				AAA	AA	Not Rated
Money Market Funds	\$ 3,716,790	N/A	\$	\$	\$	\$ 3,716,790
State Investment Pool	6,311,994	N/A				6,311,994
Held by Bond Trustee:						
Money Market Funds	<u>4,765,490</u>	N/A	<u></u>	<u>4,765,490</u>	<u></u>	<u></u>
Total	\$ 14,794,274		\$ 0	\$ 4,765,490	\$ 0	\$ 10,028,784

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

2) CASH AND INVESTMENTS - Continued

Concentration of Credit Risk

The investment policy of the City contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City as of June 30, 2012 is as follows:

Issuer	Investment Type	Reported Amount
First Southwest	Money Market Funds	\$ 3,716,790
First American Treasury Obligation Funds	Money Market Funds	\$ 4,765,490

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2012, no deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. As of June 30, 2012, the Agency had no investments held by the same broker-dealer (counterparty) that was used by the City to buy the securities.

Local Agency Investment Fund (LAIF)

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon Agency's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The City may invest up to \$50,000,000 in the fund for the City, \$50,000,000 for the Redevelopment Agency and \$50,000,000 for the Public Financing Authority. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest. Investments with LAIF are secured by the full faith and credit of the State of California. The yield of LAIF during the quarter ended June 30, 2012 was 0.36%. The amortized cost and estimated market value of the LAIF Pool at June 30, 2012 was \$60,514,457,551 and \$60,588,263,603, respectively. The City's share of the Pool at June 30, 2012 was approximately 0.0104 percent.

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

2) CASH AND INVESTMENTS - Continued

Local Agency Investment Fund (LAIF) - Continued

The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes and asset-backed securities totaling \$800,000,000 and \$1,297,405,000. LAIF's and the City's exposure to risk (credit, market or legal) is not currently available.

The LAIF has oversight by the Local Investment Advisory Board. The LAIF Board consists of five members as designated by Statute. LAIF is also regulated by California Government Code Section 16429.

Collateral for Deposits

Under the provisions of the California Government Code, California banks and savings and loan associations are required to secure a city's deposits by pledging government securities as collateral. The market value of the pledged securities must equal at least 110% of a city's deposits. California law also allows financial institutions to secure city deposits by pledging first trust deed mortgage notes having a value of 150% of a city's total deposits.

The collateral for certificates of deposit is generally held in safekeeping by the Federal Home Loan Bank in San Francisco as the third-party trustee. The securities are physically held in an undivided pool for all California public agency depositors. The State Public Administrative Office for public agencies and the Federal Home Loan Bank maintain detailed records of the security pool which are coordinated and updated weekly.

The City Treasurer, at his discretion, may waive the 110% collateral requirement for deposits which are insured up to \$250,000 by the FDIC.

Cash with Fiscal Agent

Cash and investments held and invested by fiscal agents on behalf of the City are pledged to payment or security of certain long-term debt issuances. Fiscal agents are mandated by bond indentures as to the types of investments in which debt proceeds can be invested. The investments predominantly consist of Governments securities which are held in book entry form by the trustee.

3) LOANS RECEIVABLE

Loans Receivable consists of miscellaneous low and moderate rehabilitation loans issued by the former Blythe Redevelopment Agency over several years. One of these loans was to a Developer to finance a portion of the development costs of the River Heights Projects. The loan is to be repaid in annual payments out of 50% annual residual receipts (if any), with the first payment due April 30, 2001. The loan is to be repaid in full by April 30, 2031. Interest on the principal of the loan is computed annually at 3%. As of February 1, 2012, the Blythe Redevelopment Agency was dissolved (see Note 1) and the Housing Successor, the City of Blythe, oversees these loans in the low and moderate income housing asset special revenue fund. As of June 30, 2012, the developer had not made a payment related to the loan. Thus, the loan receivable from the developer at June 30, 2012 was \$406,875 with accrued interest of \$106,875.

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

3) LOANS RECEIVABLE - Continued

On December 11, 2007 the former Blythe Redevelopment Agency approved a loan of \$350,000 to Highland Property Development, LLC (the "Company"). The loan is for the rehabilitation of the Rio Colorado Apartments and Townhomes. This loan is non-interest bearing, unless the Company defaults on the loan in which case the interest will have a 6.5% interest rate per annum. Payments shall be due each March 1st and September 1st when the Company has residual receipts from the properties above. The loans outstanding principal and interest balances are due on the 17th anniversary of the date when the loans were disbursed, March 26, 2005. As of February 1, 2012, the Blythe Redevelopment Agency was dissolved (see Note 1) and the Housing Successor, the City of Blythe, oversees the remaining activity of this loan in the low and moderate income housing asset special revenue fund. As of June 30, 2012, the loan receivable balance was \$350,000.

Loans receivable also includes \$52,334 of miscellaneous rehabilitation loans made by the former Blythe Redevelopment Agency. As of February 1, 2012, the Blythe Redevelopment Agency was dissolved (see Note 1) and the Housing Successor, the City of Blythe, oversees these miscellaneous rehabilitation loans in the low and moderate income housing asset special revenue fund.

4) NOTES RECEIVABLE

On January 1, 1998, the Blythe Redevelopment Agency signed an installment agreement in the amount of \$650,000 with the City of Blythe to purchase the City of Blythe City Hall and Police Station. The Agency makes annual payments of \$68,952 at a stated interest rate of 10.00%. The agreement is for thirty years beginning June 1, 1998. As of February 1, 2012, the Blythe Redevelopment Agency was dissolved (see Note 1) and the Successor Agency to the Blythe Redevelopment Agency oversees the remaining activities of the former Blythe Redevelopment Agency. The balance of this installment agreement is \$539,457 as of June 30, 2012.

5) CAPITAL ASSETS

The following is a summary of changes in Capital Assets for the year:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Depreciated:				
Land	\$ 570,457	\$	\$ 201,387 ⁽¹⁾	\$ 369,070
Construction in Progress	<u>0</u>	<u>324,290</u>	<u></u>	<u>324,290</u>
Total Capital Assets, Not Depreciated	<u>570,457</u>	<u>324,290</u>	<u>201,387</u>	<u>693,360</u>
Capital Assets, Being Depreciated:				
Land Improvements	7,927,140			7,927,140
Machinery and Equipment	2,382,426	96,314		2,478,740
Structures and Improvements	9,395,667	177,150		9,572,817
Vehicles	2,811,385	38,325		2,849,710
Infrastructure:				
Streets	47,062,272			47,062,272
Traffic Signals	<u>544,716</u>	<u></u>	<u></u>	<u>544,716</u>
Total Capital Assets, Being Depreciated	<u>70,123,606</u>	<u>311,789</u>	<u></u>	<u>70,435,395</u>

⁽¹⁾ Included in land deletions is \$201,387 that was transferred to the Successor Agency (see Note 25).

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

5) CAPITAL ASSETS - Continued

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities: - Continued				
Less Accumulated Depreciation:				
Land Improvements	\$ (3,777,964)	\$ (384,000)	\$	\$ (4,161,964)
Machinery and Equipment	(2,281,965)	(48,044)		(2,330,009)
Structures and Improvements	(4,829,396)	(362,967)		(5,192,363)
Vehicles	(2,363,468)	(165,807)		(2,529,275)
Infrastructure:				
Streets	(27,605,471)	(1,009,477)		(28,614,948)
Traffic Signals	(415,348)	(13,620)		(428,968)
 Total Accumulated Depreciation	<u>(41,273,612)</u>	<u>(1,983,915)</u>		<u>(43,257,527)</u>
 Total Capital Assets, Being Depreciated, Net	<u>28,849,994</u>	<u>(1,672,126)</u>		<u>27,177,868</u>
 Governmental Activities Capital Assets, Net of Depreciation	<u>\$ 29,420,451</u>	<u>\$ (1,347,836)</u>	<u>\$ 201,387</u>	<u>\$ 27,871,228</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General Government	\$ 250,838
Public Safety	862,804
Parks and Recreation	69,398
Public Works	323,067
Community Development	<u>477,808</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 1,983,915</u>

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

5) CAPITAL ASSETS - Continued

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets, Not Depreciated:				
Construction in Progress	\$ 0	\$	\$	\$ 0
Total Capital Assets, Not Depreciated	0	0	0	0
Capital Assets, Being Depreciated:				
Machinery and Equipment	2,735,847	56,435		2,792,282
Land Improvements	23,057,864	305		23,058,169
Buildings	6,623,139			6,623,139
Plant	6,873,191			6,873,191
Computer Equipment	235,948			235,948
Vehicles	47,842			47,842
Water Pipelines	6,698,280			6,698,280
Reservoirs	3,470,000			3,470,000
Wells	4,544,980	25,696		4,570,676
Sewer Pipes	6,905,602			6,905,602
Sewer Lines	2,518,355			2,518,355
Hydrants	3,217,500			3,217,500
Total Capital Assets, Being Depreciated	66,928,548	82,436	0	67,010,984
Less Accumulated Depreciation:				
Machinery and Equipment	(2,562,513)	(57,920)		(2,620,433)
Land Improvements	(4,110,960)	(805,456)		(4,916,416)
Buildings	(4,273,295)	(279,740)		(4,553,035)
Plant	(2,072,572)	(139,734)		(2,212,306)
Computer Equipment	(152,618)	(26,415)		(179,033)
Vehicles	(47,842)			(47,842)
Water Pipelines	(4,085,953)	(133,966)		(4,219,919)
Reservoirs	(1,694,595)	(86,740)		(1,781,335)
Wells	(2,772,442)	(91,382)		(2,863,824)
Sewer Pipes	(3,511,348)	(115,093)		(3,626,441)
Sewer Lines	(1,342,920)	(41,973)		(1,384,893)
Hydrants	(1,962,675)	(64,350)		(2,027,025)
Total Accumulated Depreciation	(28,589,733)	(1,842,769)	0	(30,432,502)
Total Capital Assets, Being Depreciated, Net	38,338,815	(1,760,333)	0	36,578,482
Business-type Activities Capital Assets, Net of Depreciation	\$ 38,338,815	\$ (1,760,333)	\$ 0	\$ 36,578,482

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

5) CAPITAL ASSETS - Continued

Depreciation was charged to functions/programs as follows:

Business-type Activities:

Water Utility	\$ 952,466
Sewer Utility	860,945
Golf Course	<u>29,358</u>

Total Depreciation Expense - Business-type Activities	<u>\$ 1,842,769</u>
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6) LAND HELD FOR RESALE

The City's former Redevelopment Agency acquired property as part of its primary purpose to develop unimproved properties. As of February 1, 2012, the Blythe Redevelopment Agency was dissolved (see Note 1) and the properties were transferred to the City (Housing Successor) in a special revenue fund, the Low and Moderate Income Housing Asset Fund. The property is being carried at lower of cost or estimated net realizable value. At June 30, 2012, the balance of the property held for resale totaled \$180,000.

7) LONG-TERM OBLIGATIONS

Activities relating to long-term obligations for the year are presented as follows:

Description	Beginning Balance	Additions ⁽¹⁾	Deletions ⁽²⁾	Ending Balance	Due Within One Year
Governmental Activities:					
Tax Allocation Bonds					
1996 Tax Allocation Bonds - Series A	\$ 850,000	\$	\$ 850,000	\$ 0	\$
1996 Tax Allocation Bonds - Series B	55,000		55,000	0	
1997 Tax Allocation Refunding Bond	2,555,000		2,555,000	0	
2000 Tax Allocation Bonds - Series A	750,000		750,000	0	
2000 Tax Allocation Bonds - Series B	215,000		215,000	0	
2003 Tax Allocation Bonds - Series A	1,235,000		1,235,000	0	
2003 Tax Allocation Bonds - Series B	425,000		425,000	0	
2004 Tax Allocation Bonds - Series 2004	15,160,000		15,160,000	0	
2005 Tax Allocation Bonds - Series A	1,305,000		1,305,000	0	
2005 Tax Allocation Bonds - Series B	170,000		170,000	0	
2006 Tax Allocation Bonds - Series A	3,020,000		3,020,000	0	
2006 Tax Allocation Bonds - Series B	1,400,000		1,400,000	0	
2008 Tax Allocation Bonds - Series A	4,485,000		4,485,000	0	
2011 Tax Allocation Bonds - Series A	<u>4,760,000</u>		<u>4,760,000</u>	<u>0</u>	
Total Tax Allocation Bonds	<u>\$ 36,385,000</u>	<u>\$ 0</u>	<u>\$ 36,385,000</u>	<u>\$ 0</u>	<u>\$ 0</u>

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

7) LONG-TERM OBLIGATIONS - Continued

Description	Beginning Balance	Additions ⁽¹⁾	Deletions ⁽²⁾	Ending Balance	Due Within One Year
Governmental Activities - Continued:					
Revenue Bonds (Note 9)					
1998 Water Revenue Bonds	\$ 910,000	\$	\$ 35,000	\$ 875,000	\$ 35,000
1998 Sewer Revenue Bonds	550,000		20,000	530,000	20,000
2001 Sewer Revenue Bonds	<u>1,070,000</u>		<u>30,000</u>	<u>1,040,000</u>	<u>30,000</u>
Total Revenue Bonds	<u>2,530,000</u>	<u>0</u>	<u>85,000</u>	<u>2,445,000</u>	<u>85,000</u>
Lease Revenue Bonds (Note 11)					
1997 Lease Revenue Bonds	<u>3,810,000</u>		<u>140,000</u>	<u>3,670,000</u>	<u>150,000</u>
Capital Leases (Note 10):					
Master Equipment Lease -					
Internal Service	133,946		133,946	0	
Altec Equipment Lease -					
Internal Service	38,786		23,985	14,801	14,801
Rabobank Equipment Lease -					
Internal Service	<u>83,544</u>		<u>40,890</u>	<u>42,654</u>	<u>42,654</u>
	<u>256,276</u>	<u>0</u>	<u>198,821</u>	<u>57,455</u>	<u>57,455</u>
Installment Note	12,920		12,920	0	
Reimbursement Agreement (Note 12)	720,000		180,000	540,000	180,000
RCTC Loan Agreement (Note 8)	1,553,412		155,203	1,398,209	163,897
Compensated Absences Payable	648,887	3,868	97,333	555,422	83,313
Net OPEB Obligation	<u>397,243</u>	<u>862,091</u>	<u>326,913</u>	<u>932,421</u>	
Governmental Activities					
Long-term Liabilities	<u>\$ 46,313,738</u>	<u>\$ 865,959</u>	<u>\$ 37,581,190</u>	<u>\$ 9,598,507</u>	<u>\$ 719,665</u>
Business-type Activities:					
Loans Payable					
State (Note 8)	\$ 2,074,307	\$	\$ 387,673	\$ 1,686,634	\$ 400,854
State Revolving Fund (Note 8)	8,238,015		392,287	7,845,728	392,287
Successor Agency (Note 8)		400,000		400,000	
Compensated Absences	<u>202,346</u>	<u>39,057</u>	<u>30,352</u>	<u>211,051</u>	<u>31,658</u>
Business-type Activities					
Long-term Liabilities	<u>\$ 10,514,668</u>	<u>\$ 439,057</u>	<u>\$ 810,312</u>	<u>\$ 10,143,413</u>	<u>\$ 824,799</u>

⁽¹⁾ Interfund advance of \$400,000 was reclassified to loans payable (see Notes 8 and 25).

⁽²⁾ \$36,385,000 of Tax Allocation Bonds and an Installment Note of \$7,678 was transferred to the Successor Agency (see Note 25.)

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

7) LONG-TERM OBLIGATIONS - Continued

Annual debt service requirements to maturity are as follows:

Business-type Activities:

	<u>Loans Payable - State</u>		<u>Loans Payable - State Revolving Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest^(a)</u>
2013	\$ 400,854	\$ 57,346	\$ 392,287	\$
2014	414,483	43,717	392,287	
2015	428,575	29,624	392,286	
2016	442,722	15,053	392,286	
2017			392,286	
2018 - 2022			1,961,432	
2023 - 2027			1,961,432	
2028 - 2032			1,961,432	
Total	\$ 1,686,634	\$ 145,740	\$ 7,845,728	\$ 0

^(a) The agreement with the State of California has a 0% interest rate. See Note 8.

Governmental Activities:

	<u>Reimbursement Agreement</u>		<u>RCTC Loan Agreement</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 180,000	\$ 1,944	\$ 163,897	\$ 72,314
2014	180,000	1,296	173,077	63,134
2015	180,000	648	182,772	53,439
2016			193,010	43,201
2017			203,821	32,390
2018 - 2020			481,632	30,158
Total	\$ 540,000	\$ 3,888	\$ 1,398,209	\$ 294,636

	<u>1998 Water Bonds</u>		<u>1998 Sewer Bonds</u>		<u>2001 Sewer Revenue Bonds</u>		<u>1997 Lease Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	35,000	50,313	20,000	30,475	30,000	63,440	150,000	197,725
2014	35,000	48,300	20,000	29,325	30,000	61,610	155,000	189,337
2015	40,000	46,287	25,000	28,175	35,000	59,780	165,000	180,538
2016	40,000	43,988	25,000	26,738	35,000	57,645	175,000	171,187
2017	45,000	41,687	25,000	25,300	40,000	55,510	185,000	161,288
2018 - 2022	260,000	167,612	160,000	101,766	230,000	238,815	1,085,000	638,138
2023 - 2027	340,000	83,663	205,000	51,175	310,000	159,515	1,425,000	294,937
2028 - 2031	80,000	4,600	50,000	2,875	330,000	51,850	330,000	9,075
Total	\$ 875,000	\$ 486,450	\$ 530,000	\$ 295,829	\$ 1,040,000	\$ 748,165	\$ 3,670,000	\$ 1,842,225

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

8) LOANS PAYABLE

Governmental Activities

RCTC Loan Agreement. On February 22, 2006 the City entered into an agreement with the Riverside County Transportation Commission ("RCTC") for the advancement of \$1,500,000 to finance a portion of the cost of improvements to the Chanslorway and South Lovekin Boulevard. The advancement will be repaid in monthly installments, which include principal and interest, starting September 1, 2009, with the last payment to be made September 1, 2019. The interest rate will be 0.5% over the interest rate paid by RCTC on funds outstanding under the 2005 Commercial Paper Program. Accrued interest of \$311,064 was included in the advancement. The balance of the advancement is \$1,398,209.

Business-type Activities

California State Water Resources Control Board. The City undertook in fiscal year 1994-95 a wastewater treatment facility expansion and denitrification project. To fund the project the City was granted a loan by the California State Water Resources Control Board. The total loan amount was \$6,444,447 all of which was advanced through June 30, 1997. The terms of the loan are 3.4%, amortized over twenty (20) years, with the first payment due one year after completion of the expansion project. The balance of the loan is \$1,686,634 as of June 30, 2012.

State Revolving Fund. The City received \$10,807,160 in federal funding from the California Department of Health Services Safe Drinking Water State Revolving Fund Program. The program is designed to help fund water system improvements. The \$10,807,160 includes a grant of \$1,000,000 and a loan of \$9,807,160. The terms of the loan are 0% interest with payments due semiannually on January 1st and July 1st of each year. The final payment of the loan is January 1, 2032. The balance of the loan is \$7,845,728 as of June 30, 2012.

Successor Agency. In May 2004, the Blythe Redevelopment Agency approved a loan in the amount of \$400,000 from the RDA Debt Service Fund to the Blythe Municipal Golf Course for a term of 5 years at 3% simple interest. As of February 1, 2012, the Blythe Redevelopment Agency was dissolved (see Note 1) and this advance from other funds was reclassified as a loan payable to the Successor Agency. As of June 30, 2012, the loan balance was \$400,000. No payments have been made on the loan. The terms of the payment schedule can be modified with a two-thirds vote of the Board of Directors. Currently, no future debt service schedule is available.

9) REVENUE BONDS

1998 Water Revenue Bonds

In April 1998, \$1,200,000 principal amount of Water Revenue Bonds were issued by the Public Financing Authority. The term bonds are due in annual installments of \$15,000 to \$80,000 from April 1, 1999, through April 1, 2028; interest at 5.125% - 5.75%. The bonds are subject to call and redemption prior to their stated maturity commencing April 1, 2009, at specified redemption prices. At June 30, 2012, the Authority has a cash reserve balance for debt service of \$87,600, which is sufficient to cover the Bond Indenture Reserve Requirement. Simultaneously with the issuance of the debt, the City's Water Fund entered into a contract with the Authority to receive the proceeds of the Water Revenue Bonds. In return, the City's Water Fund is required to make annual installments and interest payments equal to those mentioned above. See Interfund Advances at Note 15. The balance of the Water Revenue Bonds was \$875,000 at June 30, 2012.

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

9) REVENUE BONDS - Continued

1998 Sewer Revenue Bonds

In April 1998, \$735,000 principal amount of Sewer Revenue Bonds were issued by the Public Financing Authority. The term bonds are due in annual installments of \$10,000 to \$50,000 from April 1, 1999, through April 1, 2028; interest at 5.125% - 5.75%. The bonds are subject to call and redemption prior to their stated maturity commencing April 1, 2009, at specified redemption prices. At June 30, 2012, the Authority has a cash reserve balance for debt service of \$53,925, which is sufficient to cover the Bond Indenture Reserve Requirement. Simultaneously with the issuance of the debt, the City's Sewer Fund entered into a contract with the Authority to receive the proceeds of the Sewer Revenue Bonds. In return, the City's Sewer Fund is required to make annual installments and interest payments equal to those mentioned above. See Interfund Advances at Note 15. The balance of the 1998 Sewer Revenue Bonds was \$530,000 at June 30, 2012.

2001 Sewer Revenue Bonds

In February 2001, \$1,275,000 principal amounts of Sewer Revenue Bonds were issued by the Public Financing Authority. The term bonds are due in annual installments of \$5,000 to \$90,000 from April 1, 2002, through April 1, 2031; interest at 5.00% - 6.10%. The bonds are subject to call and redemption prior to their stated maturity commencing April 1, 2011, at specified redemption prices. At June 30, 2012, the Authority has a cash reserve balance for debt service of \$95,685, which is sufficient to cover the Bond Indenture Reserve Requirement. Simultaneously with the issuance of the debt, the City's Sewer Fund entered into a contract with the Authority to receive the proceeds of the Sewer Revenue Bonds. In return, the City's Sewer Fund is required to make annual installments and interest payments equal to those mentioned above. See Interfund Advances at Note 15. The balance of the 2001 Sewer Revenue Bonds was \$1,040,000 at June 30, 2012.

10) LEASE OBLIGATIONS

The Altech equipment lease has monthly payments of \$2,165 from March 1, 2008 to March 1, 2013. This lease was for the purchase of an Altech Bucket Truck 4300 for \$110,000, which has accumulated depreciation of \$102,677 as of June 30, 2012.

The Rabobank equipment lease has quarterly payments of \$10,948 from August 30, 2010 to May 30, 2013. This lease was for the purchase of four police vehicles for \$124,046 and accumulated depreciation of \$41,348 as of June 30, 2012.

11) LEASE REVENUE BONDS

1997 Lease Revenue Bonds

In October 1997, \$5,065,000 principal amount of Lease Revenue Bonds were issued. The term bonds are due in annual installments of \$80,000 to \$330,000 from September 1, 1999, through September 1, 2027; interest at 4.15% - 5.50%. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2007, at specified redemption prices. At June 30, 2012, the Authority has a cash reserve balance for debt service of \$352,650, which is sufficient to cover the Bond Indenture Reserve Requirement of \$352,650. The balance of the Lease Revenue Bonds was \$3,670,000 at June 30, 2012.

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

12) REIMBURSEMENT AGREEMENT

The City entered into a reimbursement agreement with the Coachella Valley Association of Governments (CVAG) to assist in the funding of the Hobsonway Boulevard Reconstruction project. CVAG advanced \$2,100,000 to the City for the project. The terms of the agreement are annual installments of \$300,000 from 2005 to 2011, plus simple interest at the LAIF rate no later than the year 2010. Accordingly, any interest earned on the advanced funds shall be repaid to CVAG. The terms were amended in May 2005. The new terms are annual installments of \$180,000 from 2007 to 2016, plus simple interest at the LAIF rate. The balance of the loan for the current fiscal year is \$540,000.

13) COMMUNITY FACILITIES DISTRICT BOND

Bonds issued for improvements in certain special assessment districts in accordance with the provisions of the Municipal Improvement Acts of 1911, 1913 and 1915 are liabilities of the property owners and are secured by liens against the assessed property. The City Treasurer acts as an agent for collection of principal and interest payments by the property owners and remittance of such monies to the bondholders.

Neither the faith and credit, nor the general taxing power, of the Perris Redevelopment Agency or the City of Perris have been pledged to the payment of the bonds. Therefore, none of the following special assessment bonds have been included in the accompanying financial statements.

<u>District Bonds</u>	<u>Amount of Issue</u>	<u>Outstanding at End of Year</u>
CFD 2004-1	\$ 2,000,000	\$ 1,925,000

14) PLEDGED REVENUES

Revenue Bonds

The Blythe Public Financing Authority has pledged a portion of future water and sewer revenues from the City of Blythe and a portion of investment earnings to repay the 1998 Water and Sewer Revenue Bonds and the 2001 Sewer Revenue Bonds. The Revenue Bonds are payable solely from the water and sewer revenues from the City of Blythe and a portion of investment earnings. For the current year, principal and interest paid by water and sewer revenues and investment earnings was \$85,000 and \$149,220.

Total principal and interest remaining on the revenue bonds are as follows:

<u>Description</u>	<u>Principal and Interest Remaining</u>	<u>Payable Through Fiscal Year</u>
1998 Water Revenue Bonds	\$ 1,361,450	2028
1998 Sewer Revenue Bonds	825,829	2028
2001 Sewer Revenue Bonds	1,788,165	2031

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

14) PLEDGED REVENUES - Continued

RCTC Loan Agreement

The City has pledged a portion of future Measure A revenues to repay a loan with the Riverside County Transportation Commission (RCTC). The City's RCTC loan is payable solely from the Measure A revenues. Total principal and interest remaining on the RCTC loan is \$1,692,845, payable through fiscal year 2020. For the current year, principal and interest paid by Measure A revenues were \$155,203 and \$81,008, respectively.

State Loans

The City has pledged a portion of future water and sewer revenues to repay loans payable to the California State Water Resources Control Board and the California Department of Health Services. The loans payable is secured solely by operating revenues from the water and sewer funds. Total principal and interest remaining on the loans payable is \$9,678,102 payable through fiscal year 2032. For the current year, principal and interest paid by the water and sewer operating revenues were \$779,961 and \$70,526, respectively.

15) INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS

Inter-fund transfers are as follows:

		TRANSFERS IN		
		General Fund	PFA Debt Fund	RDA Capital Projects Fund
TRANSFERS OUT	General Fund	\$	\$ 349,660	\$
	Measure A	279,964		
	RDA Debt Service	55,310		313,148
	RDA Capital Project	279,254		
	Non-major Governmental	159,014		
	Water Utility	387,348	60,135	
	Sewer Utility	421,634	110,095	
	Solid Waste Utility	300,000		
	Internal Service Funds	119,001		
	Total	<u>\$ 2,001,525</u>	<u>\$ 519,890</u>	<u>\$ 313,148</u>
		TRANSFERS IN		
		Non-major Governmental	Internal Service	Total
TRANSFERS OUT	General Fund	\$ 606,902	\$ 474,739	\$ 1,431,301
	Measure A	1,053,369		1,333,333
	RDA Debt Service			368,458
	RDA Capital Project			279,254
	Non-major Governmental	316,648		475,662
	Water Utility		75,869	523,352
	Sewer Utility		60,258	591,987
	Solid Waste Utility			300,000
	Internal Service Funds		1,932	120,933
	Total	<u>\$ 1,976,919</u>	<u>\$ 612,798</u>	<u>\$ 5,424,280</u>

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

15) INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

During the course of normal operations, the City enters into numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying governmental fund financial statements generally reflect such transactions as operating transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. Inter-fund transactions and inter-fund payables/receivables at year-end are not eliminated in the governmental fund financial statements.

Inter-fund receivables and payables at June 30, 2012 are as follows:

		DUE TO
		Successor Agency Private-purpose Trust Fund
DUE FROM	General Fund	\$ 2,721,780
	Public Financing Authority	23,535
	Non-major Governmental	855,621
	Solid Waste Utility	109,547
	Golf Course	1,305,867
	Agency Funds	<u>36,531</u>
	Total	<u>\$ 5,052,881</u>

The amounts due to Successor Agency Private-purpose Trust Fund are included in Due to Other Governments for the governmental and enterprise funds. The Successor Agency Private-purpose Trust Fund includes \$5,016,350 from the amounts above in Due from Other Governments on the Statement of Fiduciary Net Assets.

Advances to/from other funds are as follows:

		ADVANCES TO		
		Non-major Governmental	PFA Debt Service	Total
ADVANCES FROM	Water Utility	\$ 188,094	\$ 875,000	\$ 1,063,094
	Sewer Utility		1,570,000	1,570,000
	Golf Course	<u>55,245</u>		<u>55,245</u>
	Total	<u>\$ 243,339</u>	<u>\$ 2,445,000</u>	<u>\$ 2,688,339</u>

In 2003, the RDA Special Revenue Fund advanced certain funds to the Water Utility Fund. The total advance amount was \$1,831,435. The advance is to be repaid by the SRF loan using the LAIF interest rate. The balance of the advance receivable as of June 30, 2012 was \$188,094. This amount represents the remaining portion of advance that was not covered by the SRF loan.

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

15) INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

An advance was made by the RDA Special Revenue Fund to the Blythe Municipal Golf Course. The advance will be repaid with interest from Golf Course Fees collected. The total loan amount was \$105,000. The terms of the loan are 5.7%, amortized over five years, with the final payment due July 30, 2002. The Blythe Municipal Golf Course has not made a payment related to the loan since the fiscal year ended June 30, 2001. The balance of the advance is \$55,245 for 2011-12, including matured principal and interest of \$9,725.

\$3,045,000 in advances to the Water (\$1,115,000) and Sewer (\$1,930,000) Utility Funds from the PFA Debt Service Funds represents the outstanding balance of the 1998 Water Revenue Bonds, 1998 Sewer Revenue Bonds and the 2001 Sewer Revenue Bonds as discussed further in Note 9. The balances of the advances as of June 30, 2012 are \$875,000 (water) and \$1,570,000 (sewer), respectively.

16) FUND BALANCE

As noted in Note 1, restricted funds are used first as appropriate. Assigned fund balance is reduced to the extent that expenditures has been appropriated by City Council. Decreases in fund balance first reduce committed fund balance, in the event that committed fund balance become zero, then assigned and unassigned fund balances are used in that order.

	<u>General Fund</u>	<u>Measure A Special Revenue Fund</u>	<u>Public Financing Authority Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:					
Nonspendable:					
Notes Receivable	\$ 539,457	\$	\$	\$	\$ 539,457
Restricted for:					
Low and Moderate Housing				1,232,548	1,232,548
Debt Service			3,177,371		3,177,371
Construction				223,991	223,991
Landscape Maintenance				33,567	33,567
Asset Forfeiture				43,677	43,677
Streets		3,032,355		665,517	3,697,872
Community Development				964	964
Air Quality Management				38,360	38,360
Traffic Safety				24,138	24,138
Public Safety				41,253	41,253
Unassigned	<u>(2,899,712)</u>			<u>(859,713)</u>	<u>(3,759,425)</u>
Total Fund Balance	<u>\$ (2,360,255)</u>	<u>\$ 3,032,355</u>	<u>\$ 3,177,371</u>	<u>\$ 1,444,302</u>	<u>\$ 5,293,773</u>

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

17) DEFICIT FUND BALANCES/RETAINED EARNINGS

The City reported the following fund balance/retained earnings deficit for the year ended June 30, 2012:

<u>Funds</u>	<u>Amount</u>
General Fund	\$ (2,360,255)
Major Fund:	
Solid Waste Utility	\$ (64,742)
Golf Course	\$ (1,587,355)
Non-Major Funds:	
Lighting District	\$ (80,076)
Local Transportation	\$ (680,985)
Capital Projects	\$ (1,789)
Park Development	\$ (96,863)
Internal Service Fund:	
Workers' Compensation	\$ (5,315)

Management is very much aware of the seriousness of the above deficits and is currently taking steps to eliminate them. These deficits are expected to be eliminated by future revenues.

18) CITY EMPLOYEES' RETIREMENT PLAN

A) Plan Description

The City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. As of fiscal year 2006, entities participating in the California Public Employees Retirement System (PERS) with less than one hundred members, are mandated by the State to be in a risk pool. The City of Blythe has less than one hundred members participating in PERS and has presented information based on the requirements of cost-sharing multiple-employer defined benefits plans since certain information for an agent multiple-employer defined benefit plan are unavailable. Copies of PERS' annual financial report may be obtained from their executive office: P.O. Box 942709, Sacramento, California 95814.

All full-time City employees are eligible to participate in PERS. Benefits vest after five years of service. Employees who retire at or after age 50 are entitled to an annual retirement benefit depending on plan requirements, payable monthly for life in an amount between two and three percent (2% - 3%) of their highest annual salary for each year over five (5) years. PERS also provides death and disability benefits. These benefit provisions and all other requirements are established by State statute and City ordinance.

The City's miscellaneous employees' required contribution to PERS is eight percent (8%) of their annual salary and the safety employees' required contribution is nine percent (9%) of their annual salary is currently paid by the City except for new employees hired after October 2011. The City will pay 4% of miscellaneous employees' and 5% of safety employees' contribution for employees hired after October 2011. Additionally, the City of Blythe is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by PERS actuaries and actuarial consultants and adopted by the Board of Administration.

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

18) CITY EMPLOYEES' RETIREMENT PLAN - Continued

B) Securities and Related Parties in PERS Accounts

Related party investments are avoided by PERS as a part of its written investment policy and no known related party investments exist in the fund. The PERS investment office will contact the City if any related party investments are identified.

C) Funded Status of the Plan

For June 30, 2012, the City's annual pension cost, for miscellaneous employees, of \$467,299 for PERS was equal to the City's required and actual contributions. At June 30, 2012, the City's contribution rate for miscellaneous employees was 16.375% of annual covered payroll. The required contribution was determined as part of the June 30, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value).

THREE YEAR TREND INFORMATION FOR PERS				
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	
6/30/10	\$ 370,078	100%	\$	0
6/30/11	\$ 357,677	100%	\$	0
6/30/12	\$ 467,299	100%	\$	0

For June 30, 2012, the City's annual pension cost, for safety employees, of \$655,532 for PERS was equal to the required and actual contributions. At June 30, 2012, the City's contribution rate for safety employees was 36.740% of annual covered payroll. The required contribution was determined as part of the June 30, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value).

THREE YEAR TREND INFORMATION FOR PERS				
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	
6/30/10	\$ 526,107	100%	\$	0
6/30/11	\$ 523,794	100%	\$	0
6/30/12	\$ 655,532	100%	\$	0

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

19) OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City's defined benefit postemployment healthcare plan, (City of Blythe Retiree Healthcare Plan, CBRHP), provides medical benefits to eligible retired employees and qualified dependents. CBRHP is part of the Public Agency portion of the California Employers' Retiree Benefit Trust Fund (CERBT), an agent multiple-employer plan administered by California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. CBRHP selects optional benefit provisions from the benefit menu by contract with CalPERS. CalPERS issues a Comprehensive Annual Financial Report (CAFR). The CAFR is issued in aggregate and includes the sum of all CalPERS plans. Copies of the CalPERS CAFR may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. Upon retirement, current active employees will receive a monthly benefit of their premium amount up to \$618 for life, as long as they continue to elect coverage under one of the City's health plans. Current retirees will receive a monthly benefit of their premium amount up to \$618 for life, as long as they continue to elect coverage under one of the City's health plans.

The City is required to contribute the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. ARC rate is 6% of the annual covered payroll. The plan is financed on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's Net OPEB obligation to the Retiree Health Plan:

Annual Required Contribution	\$ 446,628
Interest on Net OPEB Obligation	33,098
Adjustments to Annual Required Contribution	<u>382,365</u>
Annual OPEB Cost (Expense)	862,091
Contributions Made	<u>(326,913)</u>
Increase (Decrease) in Net OPEB Obligation	535,178
Net OPEB Obligation - Beginning of Year	<u>397,243</u>
Net OPEB Obligation - End of Year	<u>\$ 932,421</u>

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

19) OTHER POST EMPLOYMENT BENEFITS - Continued

For 2012, the City's annual OPEB cost (expense) of \$862,091 for CBRHP was equal to the ARC. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years were as follows:

THREE YEAR TREND INFORMATION FOR CPRHP			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/10	\$ 477,553	43%	\$ 204,049
6/30/11	\$ 477,553	60%	\$ 397,243
6/30/12	\$ 862,091	38%	\$ 932,421

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

Actuarial Accrued Liability (AAL)	\$ 5,313,732
Actuarial Value of Plan Assets	\$ 0
Unfunded Actuarial Accrued Liability (UAAL)	\$ 5,313,732
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	\$ 7,940,437
UAAL as a Percentage of Covered Payroll	66.92%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

19) OTHER POST EMPLOYMENT BENEFITS - Continued

The following is a summary of the actuarial assumptions and methods:

Valuation Date	July 1, 2011
Funding Method	OPEB benefits were calculated under the Projected Unit Credit cost method with a 30-year amortization of unfunded liability (open basis). OPEB benefits were attributed linearly to each assumed decrement age based on the ratio of a participant's accrued service on the valuation rate of their projected service at each decrement age.
Discount Rate	4% per annum
Mortality	CalPERS Public Agency Miscellaneous Mortality Tables
Turnover	CalPERS Public Agency Miscellaneous Tables
Retirement Rates	CalPERS Public Agency Miscellaneous Tables
Health Care Trend Rate	5.00% to 10.00%
Withdrawal Rates	CalPERS Public Agency Miscellaneous Tables

20) JOINTLY GOVERNED ORGANIZATIONS

The City has participated in jointly governed organizations with various entities for a variety of purposes. The Board of Directors for each of these organizations are composed of no more than one representative of each member organization. The City maintains no majority influence or budgetary control over these entities and City transactions with these jointly governed organizations are not material to the financial statements. One such jointly governed organization is the California Statewide Communities Development Authority (CSCDA) and is not included as either blended or discretely presented component units in these financial statements.

CSCDA was formed in June 1988 and has a current membership of 463 California Public Agencies. The purpose of CSCDA is to provide innovative public agency and private activity finance programs.

21) DEFERRED COMPENSATION PLANS

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. On August 20, 1996, the provisions of Internal Revenue Code (IRC) Section 457 were amended to require new plans to place all assets and income of the plans in trust for the exclusive benefit of participants and their beneficiaries. Plans in existence as of the date of this change must place the Plan assets and income in trust by January 1, 1999. Once the assets and income are placed in trust the City no longer owns the amounts deferred by employees and related income. Prior to this IRC Section 457 Amendment, the deferred amounts and related income remained as property of the City until withdrawn by the employee.

During the 1997-98 fiscal year, the City placed its Deferred Compensation Plan assets and related income in trust as allowed by IRC Section 457 and as a result the asset and corresponding liability are no longer presented in these financial statements. This change had no impact on the City's Fund Equity.

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

22) RISK MANAGEMENT

The City is a member of the Public Entity Risk Management Authority (PERMA), formerly the Coachella Valley Joint Powers Insurance Authority (CVJPIA), a joint powers Authority formed under Section 990 of the California Government Code for the purpose of jointly funding programs of insurance coverage for its members. PERMA is currently comprised of twenty-four participating member agencies, twenty-two other cities with population ranging from 1,500 to 130,000, a transit agency with a fleet of sixty revenue vehicles and one special district.

The City participates in the liability, workers compensation and long-term disability insurance programs of PERMA.

The liability program is a risk sharing pool with a deductible pool option. At June 30, 2012, coverage is provided from \$125,000 to \$10,000,000 per occurrence. This coverage represents a transfer of risk from the members to PERMA for those losses in excess of the member's self insured retention (SIR). Member SIRs are either \$0, \$50,000, \$125,000, \$250,000, \$500,000 or \$1,000,000. Covered losses include losses resulting from any one occurrence because of personal injury, property damage or public officials' errors and omissions. Member premiums are subject to retrospective rating adjustments.

For those members choosing to establish deductibles under the liability program, losses in excess of the deductible amounts are paid by PERMA from separate accounts maintained for each participant. The deductible pool of the program acts as a claims servicing type of public entity risk pool and does not represent an additional transfer or risk.

The workers compensation insurance program is a claims servicing pool, a banking pool and an insurance purchasing pool. As an insurance purchasing pool, the program allows participating members to obtain the benefits of the economies of scale in securing excess workers compensation coverage. Coverage is provided from \$250,000 to \$10,000,000 for each accident or employee. The program, as a claims servicing pool, maintains separate accounts for each program member from which that member's losses are paid. The workers compensation insurance program does not provide for a transfer of risk and therefore, each member is responsible individually for its own losses. The pool will advance funds to pay member losses in excess of member funds on deposit in the manner of a banking pool. Participant premium deposits are subject to retrospective rating adjustments. The total outstanding liability recorded under this program at June 30, 2012, is \$802,248.

The long-term disability program is an insurance purchasing pool under which participating members obtain the benefits of the economies of scale while securing the coverage. There is no transfer of risk under this program.

During the past three fiscal years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

PERMA has no long-term debt as of June 30, 2012.

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

23) JOINT VENTURE

On April 13, 1999, the City of Blythe and the Palo Verde Cemetery District created the Palo Verde Cemetery Financing Authority ("Authority") under the Joint Exercise of Power Act, California Government Code Section 6500. The purpose of the Authority is to facilitate the issuing of revenue bonds to finance improvements to the cemetery. The debts, liabilities and obligations of the Authority shall not be the debts, liabilities and obligations of the City of Blythe or the Palo Verde Cemetery District and therefore are not reflected in these financial statements. On June 1, 1999, the Authority issued Series 1999 Revenue Bonds in the amount of \$640,000. Separate financial statements of the Palo Verde Cemetery District may be obtained at 10580 10th Avenue, Blythe, California 92225.

24) COMMITMENTS AND CONTINGENCIES

Recapture Agreement

On September 14, 2004, the City entered into an agreement with a developer to reimburse the developer for the "excess portion" of off-site improvements. The developer will install improvements that exceed the needs of their project so that when future development occurs, the improvements installed now will not need to be replaced. Since the additional cost of the oversized improvements should be borne by the future developments rather than the current developer, this agreement establishes a method whereby a "Capital Recovery Fee" will be collected from the benefited properties at the time new sewer service is requested (future developers complete their projects). This "Capital Recovery Fee" will be remitted to the developer as it is collected to reimburse the additional cost plus interest.

The "excess portion" of off-site improvements (amount to be reimbursed) was determined to be \$436,211.

Going Concern and Management's Plan

As shown in the basic financial statements, even though the City's General Fund had a positive change in fund balance of \$551,409, the General Fund's liabilities exceeded its assets by \$2,360,255 for the fiscal year ended June 30, 2012 and several other funds with deficits (see Note 17). These factors raise substantial doubt about the City's ability to continue as a going concern. The City's management is continuing with plans to reduce its expenditures and liabilities in the General Fund and the other funds with deficits.

Also, as shown in the basic financial statements, the enterprise funds of the City had negative changes in net assets and negative unrestricted assets. The City's management is continuing with plans to refinance the water and sewer revenue bonds, rate adjustments, and reducing expenses. The ability of the City to continue as a going concern is dependent on the progress of the plan in subsequent fiscal years. These financial statements do not include any adjustments that might be necessary if the City is unable to continue as a going concern.

25) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Blythe (City) that previously had reported a redevelopment agency within the reporting entity of the Authority as a blended component unit.

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

25) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY - Continued

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On September 27, 2011, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2011-045.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final several months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss). Certain assets related to housing were transferred to the Housing Successor, the City of Blythe, in a low and moderate income housing asset special revenue fund.

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

25) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY - Continued

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary loss reported in governmental funds - increase to net assets of the Successor Agency Trust Fund.	\$ 18,649,126
Capital assets recorded in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund.	201,387
Accrued interest on tax allocation bonds to the former redevelopment agency were eliminated in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Fund.	(615,860)
Unamortized bond issuance cost reported in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund.	1,285,178
Long-term debt reported in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Fund.	<u>(36,392,678)</u>
Net decrease to net assets of the Successor Agency Trust Fund as a result of initial transfers (equal to (amount of extraordinary gain reported in the government-wide financial statements of the City)).	<u>\$ (16,872,847)</u>

Successor Agency Loans Receivable

In May 2004, the former Blythe Redevelopment Agency approved a loan in the amount of \$400,000 from the RDA Debt Service Fund to the Blythe Municipal Golf Course for a term of 5 years at 3% simple interest. As of June 30, 2012, the loan balance was \$400,000. No payments have been made on the loan. The terms of the payment schedule can be modified with a two-thirds vote of the Board of Directors of the Redevelopment Agency. As of February 1, 2012, the Blythe Redevelopment Agency was dissolved (see Note 1) and the Successor Agency to the Blythe Redevelopment Agency oversees the remaining activities of this loan.

On August 11, 2009, the former Blythe Redevelopment Agency approved a line of credit of \$60,000 to the Committee to Preserve the Rice-Blythe Ripley Line. The line of credit was used by the Organization to fund activities related to potential buyers of the rail line. If the Organization is unable to repay the line of credit, the Redevelopment Agency may re-characterize the line of credit to a grant. As of February 1, 2012, the Blythe Redevelopment Agency was dissolved (see Note 1) and the Successor Agency to the Blythe Redevelopment Agency oversees the remaining activities of this loan. As of June 30, 2012, the loan receivable balance was \$32,573.

The former Blythe Redevelopment Agency issued \$729,956 in business loans to various businesses in the City of Blythe. As of February 1, 2012, the Blythe Redevelopment Agency was dissolved (see Note 1) and the Successor Agency to the Blythe Redevelopment Agency oversees the remaining activities of these loans.

Successor Agency Due from Other Governments

Included in Due from Other Governments is \$1,780,949 of taxes receivable and \$5,016,350 due from the City of Blythe (see Note 15).

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

25) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY - Continued

Successor Agency Capital Assets

The Successor Agency received \$201,387 of capital assets from the former redevelopment agency that consisted of land.

Successor Agency Long-term Obligations

The following is a summary of the changes in the Successor Agency long-term obligations for the year:

Description	Beginning Balance	Additions ⁽¹⁾	Deletions	Ending Balance
Installment Note	\$ 0	\$ 7,678	\$ 2,727	\$ 4,951
Installment Agreement	0	539,457		539,457
Tax Allocation Bonds:				
1996 Tax Allocation Bonds - Series A	0	850,000	35,000	815,000
1996 Tax Allocation Bonds - Series B	0	55,000	55,000	0
1997 Tax Allocation Refunding Bond	0	2,555,000	95,000	2,460,000
2000 Tax Allocation Bonds - Series A	0	750,000	20,000	730,000
2000 Tax Allocation Bonds - Series B	0	215,000	35,000	180,000
2003 Tax Allocation Bonds - Series A	0	1,235,000	30,000	1,205,000
2003 Tax Allocation Bonds - Series B	0	425,000	50,000	375,000
2004 Tax Allocation Bonds - Series 2004	0	15,160,000		15,160,000
2005 Tax Allocation Bonds - Series A	0	1,305,000	85,000	1,220,000
2005 Tax Allocation Bonds - Series B	0	170,000	170,000	0
2006 Tax Allocation Bonds - Series A	0	3,020,000	65,000	2,955,000
2006 Tax Allocation Bonds - Series B	0	1,400,000	60,000	1,340,000
2008 Tax Allocation Bonds - Series A	0	4,485,000	45,000	4,440,000
2011 Tax Allocation Bonds - Series A	0	4,760,000		4,760,000
	<u>\$ 0</u>	<u>\$ 36,932,135</u>	<u>\$ 747,727</u>	<u>\$ 36,184,408</u>

(1) Included in additions, is the \$36,932,135 of debt transferred from the former Blythe Redevelopment Agency.

Installment Note

On October 11, 1994, the Agency signed an installment note in the amount of \$83,000 to purchase certain properties within the boundaries of the Agency. The Agency makes monthly payments of \$726 at a stated interest rate of 8.00%. The note is for eighteen years beginning February 1, 1995. The future debt requirements of the Installment Note are as follows:

Year Ending June, 30,	Principal	Interest	Total
2013	\$ 4,951	\$ 133	\$ 5,084

Installment Agreement

On January 1, 1998, the Agency signed an installment agreement in the amount of \$650,000 with the City of Blythe to purchase the City of Blythe City Hall and Police Station. The Agency makes annual payments of \$68,952 at a stated interest rate of 10.00%. The agreement is for thirty years beginning June 1, 1998.

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

25) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY - Continued

The future debt requirements of the Installment Agreement are as follows:

Year Ending June, 30,	Principal	Interest	Total
2013	\$ 15,006	\$ 53,946	\$ 68,952
2014	16,506	52,445	68,951
2015	18,157	50,794	68,951
2016	19,973	48,979	68,952
2017	21,970	46,981	68,951
2018-2022	147,543	197,215	344,758
2023-2027	237,619	107,139	344,758
2028	<u>62,683</u>	<u>6,268</u>	<u>68,951</u>
Total	<u>\$ 539,457</u>	<u>\$ 563,767</u>	<u>\$ 1,103,224</u>

Tax Allocation Bonds

1996 Tax Allocation Bonds Series A. \$1,200,000 1996 Tax Allocation Bonds dated December 1, 1996, mature in amounts from \$20,000 to \$80,000 annually from 1998 to 2026 with interest payments of 4.10% to 6.20% payable semi-annually. The purpose of the bonds is to finance redevelopment activity within the Agency's project area. The bonds are special obligations of the Agency and are equally and ratably secured by a first and prior lien upon and an irrevocable pledge of the tax revenues and other funds as provided in the Resolution. The bonds are not a debt of the City of Blythe, the State of California or any of its political subdivisions and neither, the City of Blythe, the State of California nor any of its political subdivisions is liable therefore. In no event shall the bonds be payable out of any funds or properties other than those of the Agency as set forth in the Resolution. At June 30, 2012, the Bond Reserve Fund was \$85,000 which was sufficient to cover the minimum bond reserve requirement.

1997 Tax Allocation Refunding Bonds. \$3,400,000 1997 Tax Allocation Refunding Bonds dated November 1, 1997, mature in amounts from \$50,000 to \$220,000 annually from 1999 to 2028 with interest payments of 4.10% to 5.80% payable semi-annually. The purpose of the bonds is to finance redevelopment activity within the Agency's project area and advance refund the Agency's previously issued 1987 Tax Allocation Bonds. The bonds are special obligations of the Agency and are equally and ratably secured by a first and prior lien upon and an irrevocable pledge of the tax revenues and other funds as provided in the Resolution. The bonds are not a debt of the City of Blythe, the State of California or any of its political subdivisions and neither, the City of Blythe, the State of California nor any of its political subdivisions is liable therefore. In no event shall the bonds be payable out of any funds or properties other than those of the Agency as set forth in the Resolution. At June 30, 2012, the Bond Reserve Fund was \$245,780 which was sufficient to cover the minimum bond reserve requirement.

2000 Tax Allocation Bonds Series A. \$900,000 2000 Tax Allocation Bonds dated November 1, 2000, mature in amounts from \$10,000 to \$65,000 annually from 2002 to 2031 with interest payments of 5.40% to 6.20% payable semi-annually. The purpose of the bonds is to finance redevelopment activity within the Agency's project area. The bonds are special obligations of the Agency and are equally and ratably secured by a first and prior lien upon and an irrevocable pledge of the tax revenues and other funds as provided in the Resolution. The bonds are not a debt of the City of Blythe, the State of California or any of its political subdivisions and neither, the City of Blythe, the State of California nor any of its political

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

25) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY - Continued

subdivisions is liable therefore. In no event shall the bonds be payable out of any funds or properties other than those of the Agency as set forth in the Resolution. At June 30, 2012, the Bond Reserve Fund was \$69,030 which was not sufficient to cover the minimum bond reserve requirement.

2000 Tax Allocation Bonds Series B. \$450,000 2000 Tax Allocation Bonds dated November 1, 2000, mature in amounts from \$15,000 to \$50,000 annually from 2002 to 2016 with interest payments of 8.85% payable semi-annually. The purpose of the bonds is to finance redevelopment activity within the Agency's project area. The bonds are special obligations of the Agency and are equally and ratably secured by a first and prior lien upon and an irrevocable pledge of the tax revenues and other funds as provided in the Resolution. The bonds are not a debt of the City of Blythe, the State of California or any of its political subdivisions and neither, the City of Blythe, the State of California nor any of its political subdivisions is liable therefore. In no event shall the bonds be payable out of any funds or properties other than those of the Agency as set forth in the Resolution. At June 30, 2012, the Bond Reserve Fund was \$45,000 which was sufficient to cover the minimum bond reserve requirement.

2003 Tax Allocation Bonds Series A. \$1,400,000 2003 Tax Allocation Bonds dated January 22, 2003, mature in amounts from \$10,000 to \$95,000 annually from 2004 to 2033 with interest payments of 5.375% to 7.00% payable semi-annually. The purpose of the bonds is to finance redevelopment activity within the Agency's project area. The bonds are special obligations of the Agency and are equally and ratably secured by a first and prior lien upon and an irrevocable pledge of the tax revenues and other funds as provided in the Resolution. The bonds are not a debt of the City of Blythe, the State of California or any of its political subdivisions and neither, the City of Blythe, the State of California nor any of its political subdivisions is liable therefore. In no event shall the bonds be payable out of any funds or properties other than those of the Agency as set forth in the Resolution. At June 30, 2012, the Bond Reserve Fund was \$101,059 which was sufficient to cover the minimum bond reserve requirement.

2003 Tax Allocation Bonds Series B. \$700,000 2003 Tax Allocation Bonds dated January 22, 2003, mature in amounts from \$25,000 to \$75,000 annually from 2004 to 2018 with interest payments of 8.00% to 8.50% payable semi-annually. The purpose of the bonds is to finance redevelopment activity within the Agency's project area. The bonds are special obligations of the Agency and are equally and ratably secured by a first and prior lien upon and an irrevocable pledge of the tax revenues and other funds as provided in the Resolution. The bonds are not a debt of the City of Blythe, the State of California or any of its political subdivisions and neither, the City of Blythe, the State of California nor any of its political subdivisions is liable therefore. In no event shall the bonds be payable out of any funds or properties other than those of the Agency as set forth in the Resolution. At June 30, 2012, the Bond Reserve Fund was \$70,000 which was sufficient to cover the minimum bond reserve requirement.

2004 Tax Allocation Bonds. \$17,500,000 2004 Tax Allocation Bonds dated October 13, 2004, mature in amounts from \$135,000 to \$1,740,000 annually from 2005 to 2034 with interest payments of 2.00% to 5.75% payable semi-annually. The purpose of the bonds is to finance redevelopment activity within the Agency's project area. The bonds are special obligations of the Agency and are equally and ratably secured by a first and prior lien upon and an irrevocable pledge of the tax revenues and other funds as provided in the Resolution. The bonds are not a debt of the City of Blythe, the State of California or any of its political subdivisions and neither, the City of Blythe, the State of California nor any of its political subdivisions is liable therefore. In no event shall the bonds be payable out of any funds or properties other than those of the Agency as set forth in the Resolution. At June 30, 2012, the Bond Reserve Fund was \$1,516,000 which was sufficient to cover the minimum bond reserve requirement.

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

25) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY - Continued

2005 Tax Allocation Bonds Series A. \$1,790,000 2005 Tax Allocation Refunding Bonds dated October 19, 2005, mature in amounts from \$70,000 to \$140,000 annually from 2006 to 2023 with interest payments of 3.25% to 5.00% payable semi-annually. The purpose of the bonds is to refund all of the \$1,610,000 outstanding principal of the 1995 Tax Allocation Refunding Bonds Series A. The Bonds are special obligations of the Agency and are equally and ratably secured, without preferences or distinction as to series, by an irrevocable pledge of certain tax revenues derived from the project area and other funds as provided in the Indenture. The Bonds are payable on a parity with the Agency's outstanding 1996A Bonds, 1996B Bonds, 1997 Bonds, 2000A Bonds, 2000B Bonds, 2003B Bonds and 2004 Bonds. The Bonds are not a debt of the City of Blythe, the State of California or any of its political subdivisions and neither, the City of Blythe, the State of California nor any of its political subdivisions is liable therefore. In no event shall the Bonds be payable out of any funds or properties other than those of the agency as set forth in the Indenture. At June 30, 2012, the Bond Reserve Fund was \$148,595 which was sufficient to cover the minimum bond reserve requirement.

2006 Tax Allocation Bonds Series A. \$3,400,000 2006 Tax Allocation Bonds dated November 1, 2006, mature in amounts from \$55,000 to \$200,000 annually from 2007 to 2036 with interest payments of 3.65% to 4.875% payable annually. The purpose of the bonds is to finance redevelopment activity within the Agency's project area. The bonds are special obligations of the Agency and are equally and ratably secured by a first and prior lien upon and an irrevocable pledge of the tax revenues and other funds as provided in the Resolution. The bonds are not a debt of the City of Blythe, the State of California nor any of its political subdivisions is liable therefore, In no event shall the bonds be payable out of any funds or properties other than those of the Agency as set forth in Resolution. At June 30, 2012, the Bond Reserve Fund was \$213,194 which is sufficient to cover the minimum bond reserve requirement.

2006 Tax Allocation Bond Series B. \$1,700,000 2006 Tax Allocation Bonds dated November 1, 2006, mature in amounts from \$45,000 to \$140,000 annually from 2007 to 2026 with interest payments of 3.65% to 4.875% payable annually. The purpose of the bonds is to finance redevelopment activity within the Agency's project area. The bonds are special obligations of the Agency and are equally and ratably secured by a first and prior lien upon and an irrevocable pledge of the tax revenues and other funds as provided in the Resolution. The bonds are not a debt of the City of Blythe, the State of California or any of its political subdivisions and neither, the City of Blythe, the State of California nor any of its political subdivisions is liable therefore. In no event shall the bonds be payable out of any funds or properties other than those of the Agency as set forth in Resolution. At June 30, 2012, the Bond Reserve Fund was \$153,263 which is sufficient to cover the minimum bond reserve requirement.

2008 Tax Allocation Bonds Series B. \$4,575,000 2008 Tax Allocation Bonds dated November 6, 2008, mature in amounts from \$45,000 to \$415,000 annually from 2010 to 2038 with interest payments of 4.75% to 8.40% payable annually. The purpose of the bonds is to finance redevelopment activity within the Agency's project area. The bonds are special obligations of the Agency and are equally and ratably secured by a first and prior lien upon and an irrevocable pledge of the tax revenues and other funds as provided in the Resolution. The bonds are not a debt of the City of Blythe, the State of California or any of its political subdivisions and neither, the City of Blythe, the State of California nor any of its political subdivisions is liable therefore. In no event shall the bonds be payable out of any funds or properties other than those of the Agency as set forth in Resolution. At June 30, 2012 the Bond Reserve Fund was \$449,019, which is sufficient to cover the minimum bond reserve requirement.

City of Blythe, California
Notes to Financial Statements
Year Ended June 30, 2012

25) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY - Continued

2011 Tax Allocation Bonds Series A. \$4,760,000 2011 Tax Allocation Bonds dated February 15, 2011, mature in amounts from \$45,000 to \$465,000 annually from 2013 to 2038 with interest payments of 9.75% payable annually. The purpose of the bonds is to finance redevelopment activity within the Agency's project area. The bonds are special obligations of the Agency and are equally and ratably secured by a first and prior lien upon and an irrevocably pledge of the tax revenues and other funds as provided in the Resolution. The bonds are not a debt of the City of Blythe, the State of California or any of its political subdivisions and neither, the City of Blythe, the State of California nor any of its political subdivisions is liable therefore. In no event shall the bonds be payable out of any funds or properties other than those of the Agency as set forth in Resolution. At June 30, 2012 the Bond Reserve Fund was \$476,000, which is sufficient to cover the minimum bond reserve requirement.

Future debt service requirements of the tax allocation bonds are as follows:

Year Ending June, 30,	Principal	Interest	Total
2013	\$ 730,000	\$ 2,304,461	\$ 3,034,461
2014	770,000	2,261,294	3,031,294
2015	825,000	2,215,299	3,040,299
2016	875,000	2,165,076	3,040,076
2017	925,000	2,111,218	3,036,218
2018-2022	5,540,000	9,649,396	15,189,396
2023-2027	7,615,000	7,708,272	15,323,272
2028-2032	9,920,000	5,059,184	14,979,184
2033-2037	7,560,000	1,749,457	9,309,457
2038	<u>880,000</u>	<u>78,538</u>	<u>958,538</u>
Total	<u>\$ 35,640,000</u>	<u>\$ 35,302,195</u>	<u>\$ 70,942,195</u>

26) SUBSEQUENT EVENTS

On October 9, 2012, the City accepted a transfer agreement for Quechan Park/Marina from the Riverside County Regional Park and Open Spaces District to the City. The park was appraised at \$265,000.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Blythe, California
Schedule of Funding Progress for CBRHP
Year Ended June 30, 2012

Schedule of Funding Progress for CBRHP

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
07/01/08	\$ -	\$ 4,589,169	\$ 4,589,169	0%	\$ 10,871,127	42.2%
07/11/11	\$ -	\$ 5,313,732	\$ 5,313,732	0%	\$ 7,940,437	66.92%

*GASB 45 was implemented prospectively in fiscal year 2009. There were no previous actuarial valuations.

City of Blythe
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Property Taxes	\$ 853,500	\$ 853,500	\$ 1,150,291	\$ 296,791
Other Taxes	2,924,062	2,924,062	3,131,291	207,229
Licenses, Permits and Fees	178,465	178,465	184,949	6,484
Intergovernmental Revenues	2,381,765	2,381,765	2,055,729	(326,036)
Charges for Services	997,811	997,811	996,389	(1,422)
Fines, Forfeitures and Penalties	16,250	16,250	8,091	(8,159)
Investment Income	1,750	1,750	1,666	(84)
Miscellaneous	96,366	96,366	161,257	64,891
Total Revenues	7,449,969	7,449,969	7,689,663	239,694
EXPENDITURES				
Current:				
General Government	1,303,893	1,303,893	1,301,565	2,328
Public Safety	5,007,365	5,007,365	5,095,216	(87,851)
Parks and Recreation	385,189	392,920	411,321	(18,401)
Public Works	376,380	368,649	102,243	266,406
Community Development	555,457	555,457	484,513	70,944
Capital Outlay	2,000	2,000	44,950	(42,950)
Debt Service	423,712	423,712	268,670	155,042
Total Expenditures	8,053,996	8,053,996	7,708,478	345,518
Excess (Deficiency) of Revenues over Expenditures	(604,027)	(604,027)	(18,815)	585,212
OTHER FINANCING SOURCES (USES)				
Transfers In	2,488,791	2,488,791	2,001,525	(487,266)
Transfers Out	(1,939,535)	(1,939,535)	(1,431,301)	508,234
Total Other Financing Sources (Uses)	549,256	549,256	570,224	20,968
Net Change in Fund Balances	\$ (54,771)	\$ (54,771)	551,409	\$ 606,180
Fund Balance, Beginning			(2,911,664)	
Fund Balance, Ending			\$ (2,360,255)	

City of Blythe
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Redevelopment Agency Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
REVENUES				
Tax Increment	\$ 982,337	\$ 982,337	\$ 467,609	\$ 947,900
Investment Income	22,390	22,390	8,280	(14,110)
Total Revenues	1,004,727	1,004,727	475,889	(528,838)
EXPENDITURES				
Community Development	1,228,176	1,228,176	399,389	828,787
Total Expenditures	1,228,176	1,228,176	399,389	828,787
Excess (Deficiency) of Revenues Over Expenditures	(223,449)	(223,449)	76,500	299,949
OTHER FINANCING SOURCES (USES)				
Transfers Out	(358,660)	(358,660)		358,660
Total Other Financing Sources (Uses)	(358,660)	(358,660)		358,660
Extraordinary Item			(7,855,326)	(7,855,326)
Net Change in Fund Balances	<u>\$ (582,109)</u>	<u>\$ (582,109)</u>	(7,778,826)	<u>\$ (7,196,717)</u>
Fund Balances, Beginning			7,778,826	
Fund Balances, Ending			<u>\$ 0</u>	

City of Blythe
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Measure A Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenues	\$ 1,497,000	\$ 1,497,000	\$ 1,733,402	\$ 236,402
Investment Income	18,000	18,000	10,718	(7,282)
Total Revenues	1,515,000	1,515,000	1,744,120	229,120
EXPENDITURES				
Current:				
Public Works	50,000	50,000		50,000
Debt Service:				
Principal Retirement	155,203	155,203	155,203	0
Interest	81,008	81,008	81,008	0
Total Expenditures	286,211	286,211	236,211	50,000
Excess (Deficiency) of Revenues over Expenditures	1,228,789	1,228,789	1,507,909	279,120
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,762,501)	(1,762,501)	(1,333,333)	429,168
Total Other Financing Sources (Uses)	(1,762,501)	(1,762,501)	(1,333,333)	429,168
Net Change in Fund Balances	\$ (533,712)	\$ (533,712)	174,576	\$ 708,288
Fund Balance, Beginning			2,857,779	
Fund Balance, Ending			\$ 3,032,355	

City of Blythe, California
Notes to Required Supplementary Information
Year Ended June 30, 2012

1) BUDGETS AND BUDGETARY ACCOUNTING

The City uses the following procedures in establishing the budgetary data reflected in the financial statements:

- 1) Before the beginning of the fiscal year, the City Manager submits to the City Council a proposed budget for the year commencing the following July 1.
- 2) Public hearings are conducted to obtain taxpayer comments.
- 3) The budget is subsequently adopted through passage of a resolution.
- 4) All appropriated amounts are as originally adopted or as amended by the City Council and lapse at year end.
- 5) Encumbrances and continuing appropriations are rebudgeted on July 1, by Council action.
- 6) Original appropriations are modified by supplementary appropriations and transfers among budget categories. The City Council approves all significant changes.
- 7) Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue and Capital Project Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through debt indenture provisions.
- 8) Budgets for the General, Special Revenue and Capital Project Funds are adopted on a basis consistent with accounting policies generally accepted in the United States of America.

2) APPROPRIATIONS LIMIT

Under Article XIII B of the California Constitution (the GANN Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules or other refund arrangements. For the fiscal year ended June 30, 2012, proceeds of taxes did not exceed appropriations.

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SUPPLEMENTARY SCHEDULES

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City of Blythe, California
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2012

	Special Revenue				
	Development Impact Fees	Capital Improvement Fees	Lighting District	Landscape District	Asset Forfeiture
ASSETS					
Cash and Investments	\$ 35,600	\$ 188,190	\$	\$ 32,970	\$ 43,677
Interest Receivable	32	169		30	
Loans Receivable					
Due from Other Governments			19,726	1,107	
Advances to Other Funds					
Land Held for Resale					
Total Assets	<u>\$ 35,632</u>	<u>\$ 188,359</u>	<u>\$ 19,726</u>	<u>\$ 34,107</u>	<u>\$ 43,677</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	\$	\$	\$ 13,058	\$ 104	\$
Accrued Liabilities			78	436	
Matured Principal and Interest Payable					
Deferred Revenue					
Due to Other Government Agencies			86,666		
Total Liabilities	<u>0</u>	<u>0</u>	<u>99,802</u>	<u>540</u>	<u>0</u>
Fund Balance:					
Restricted	35,632	188,359		33,567	43,677
Unassigned			(80,076)		
Total Fund Balances	<u>35,632</u>	<u>188,359</u>	<u>(80,076)</u>	<u>33,567</u>	<u>43,677</u>
Total Liabilities and Fund Balances	<u>\$ 35,632</u>	<u>\$ 188,359</u>	<u>\$ 19,726</u>	<u>\$ 34,107</u>	<u>\$ 43,677</u>

Special Revenue						
Special Gas Tax	Community Development Block Grant	Air Quality Control	Local Transportation	Traffic Safety	Police Grants	Traffic Congestion Relief
\$ 465,118	\$ 964	38,325 35	\$	\$ 20,167 18	\$ 16,803 15	\$
65,615	11,901			3,953	36,486	
<u>\$ 530,733</u>	<u>\$ 12,865</u>	<u>\$ 38,360</u>	<u>\$ 0</u>	<u>\$ 24,138</u>	<u>\$ 53,304</u>	<u>\$ 0</u>
\$ 13,618 5,712	\$ 11,901	\$	\$ 2 2,692	\$	\$ 12,051	\$
			678,291			
19,330	11,901	0	680,985	0	12,051	0
511,403	964	38,360	(680,985)	24,138	41,253	
511,403	964	38,360	(680,985)	24,138	41,253	0
<u>\$ 530,733</u>	<u>\$ 12,865</u>	<u>\$ 38,360</u>	<u>\$ 0</u>	<u>\$ 24,138</u>	<u>\$ 53,304</u>	<u>\$ 0</u>

(Continued)

City of Blythe, California
Combining Balance Sheet
Non-major Governmental Funds (Continued)
June 30, 2012

	Special Revenue Low & Mod Income Housing	Capital Project			Total Non-major Governmental Funds
		Capital Projects	Street Maintenance	Park Development	
ASSETS					
Cash and Investments	\$	\$ 361	\$ 1,034,920	\$	\$ 1,877,095
Interest Receivable					299
Loans Receivable	809,209				809,209
Due from Other Governments					138,788
Advances to Other Funds	243,339				243,339
Land Held for Resale	180,000				180,000
Total Assets	<u>\$ 1,232,548</u>	<u>\$ 361</u>	<u>\$ 1,034,920</u>	<u>\$ 0</u>	<u>\$ 3,248,730</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	\$	\$ 2,150	\$ 880,806	\$ 6,199	\$ 927,988
Accrued Liabilities					20,819
Matured Principal and Interest Payable					
Deferred Revenue					
Due to Other Government Agencies				90,664	855,621
Total Liabilities	<u>0</u>	<u>2,150</u>	<u>880,806</u>	<u>96,863</u>	<u>1,804,428</u>
Fund Balance:					
Restricted	1,232,548		154,114		2,304,015
Unassigned		(1,789)		(96,863)	(859,713)
Total Fund Balances	<u>1,232,548</u>	<u>(1,789)</u>	<u>154,114</u>	<u>(96,863)</u>	<u>1,444,302</u>
Total Liabilities and Fund Balances	<u>\$ 1,232,548</u>	<u>\$ 361</u>	<u>\$ 1,034,920</u>	<u>\$ 0</u>	<u>\$ 3,248,730</u>

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City of Blythe, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended June 30, 2012

	Special Revenue				
	Development Impact Fees	Capital Improvement Fees	Lighting District	Landscape District	Asset Forfeiture
REVENUES					
Taxes	\$	\$	\$ 149,878	\$ 36,361	\$
Licenses, Permits and Fees	15,427	5,761			
Intergovernmental Revenue					
Fines and Forfeitures					1,287
Investment Income	101	697		92	16
Miscellaneous Revenue					2,475
Total Revenues	15,528	6,458	149,878	36,453	3,778
EXPENDITURES					
Current:					
General Government					7,201
Public Safety					
Public Works			177,815	26,780	
Capital Outlay					
Total Expenditures	0	0	177,815	26,780	7,201
Excess (Deficiency) of Revenues Over Expenditures	15,528	6,458	(27,937)	9,673	(3,423)
OTHER FINANCING SOURCES (USES)					
Transfers In			25,000		
Transfers Out			(5,995)	(5,995)	
Total Other Financing Sources (Uses)	0	0	19,005	(5,995)	0
Extraordinary Item					
Net Change in Fund Balances	15,528	6,458	(8,932)	3,678	(3,423)
Fund Balances - Beginning	20,104	181,901	(71,144)	29,889	47,100
Fund Balances - Ending	\$ 35,632	\$ 188,359	\$ (80,076)	\$ 33,567	\$ 43,677

Special Revenue						
Special Gas Tax	Community Development Block Grant	Air Quality Control	Local Transportation	Traffic Safety	Police Grants	Traffic Congestion Relief
\$	\$	\$	\$	\$	\$	\$
628,072	348,454	14,029			10,620 163,801	
		117		48,410 32	110	59
882						
628,954	348,454	14,146	0	48,442	174,531	59
	6,012				18,730	
294,967			341,905			
	296,161				62,480	
294,967	302,173	0	341,905	0	81,210	0
333,987	46,281	14,146	(341,905)	48,442	93,321	59
(25,940)	(52,106)		379,987	(25,000)	(86,085)	(274,541)
(25,940)	(52,106)	0	379,987	(25,000)	(86,085)	(274,541)
308,047	(5,825)	14,146	38,082	23,442	7,236	(274,482)
203,356	6,789	24,214	(719,067)	696	34,017	274,482
\$ 511,403	\$ 964	\$ 38,360	\$ (680,985)	\$ 24,138	\$ 41,253	\$ 0

(Continued)

City of Blythe, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds - Continued
Year Ended June 30, 2012

	Special Revenue Low & Mod Income Housing	Capital Project			Total Non-major Governmental Funds
		Capital Projects	Street Maintenance	Park Development	
REVENUES					
Taxes	\$	\$	\$	\$	\$ 186,239
Licenses, Permits and Fees					31,808
Intergovernmental Revenue					1,154,356
Fines and Forfeitures					49,697
Investment Income	51,324				52,548
Miscellaneous Revenue			58,600		61,957
Total Revenues	51,324	0	58,600	0	1,536,605
EXPENDITURES					
Current:					
General Government					13,213
Public Safety					18,730
Public Works			971,143		1,812,610
Capital Outlay		32,373	237,552	213,880	842,446
Total Expenditures	0	32,373	1,208,695	213,880	2,686,999
Excess (Deficiency) of Revenues Over Expenditures	51,324	(32,373)	(1,150,095)	(213,880)	(1,150,394)
OTHER FINANCING SOURCES (USES)					
Transfers In		30,142	1,327,910	213,880	1,976,919
Transfers Out					(475,662)
Total Other Financing Sources (Uses)	0	30,142	1,327,910	213,880	1,501,257
Extraordinary Item	1,181,224				1,181,224
Net Change in Fund Balances	1,232,548	(2,231)	177,815	0	1,532,087
Fund Balances - Beginning	0	442	(23,701)	(96,863)	(87,785)
Fund Balances - Ending	\$ 1,232,548	\$ (1,789)	\$ 154,114	\$ (96,863)	\$ 1,444,302

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City of Blythe, California
Combining Statement of Net Assets
Internal Service Funds
June 30, 2012

	Central Communications	Building Maintenance	Central Garage
ASSETS			
Current Assets:			
Cash and Investments	\$ 9,030	\$ 22,145	\$ 4,642
Accounts Receivable			
Interest Receivable	8	33	
Inventory			21,793
	<hr/>	<hr/>	<hr/>
Total Current Assets	9,038	22,178	26,435
	<hr/>	<hr/>	<hr/>
Noncurrent Assets:			
Capital Assets, Net of Depreciation		72,898	344,414
	<hr/>	<hr/>	<hr/>
Total Noncurrent Assets		72,898	344,414
	<hr/>	<hr/>	<hr/>
Total Assets	9,038	95,076	370,849
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Current Liabilities:			
Accounts Payable	404	15,417	28,829
Accrued Liabilities			9,183
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	404	15,417	38,012
	<hr/>	<hr/>	<hr/>
Noncurrent Liabilities:			
Compensated Absences Payable			76,925
Lease Obligations Payable			57,455
	<hr/>	<hr/>	<hr/>
Total Noncurrent Liabilities	0	0	134,380
	<hr/>	<hr/>	<hr/>
Total Liabilities	404	15,417	172,392
	<hr/>	<hr/>	<hr/>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt		72,898	286,959
Unrestricted	8,634	6,761	(88,502)
	<hr/>	<hr/>	<hr/>
Total Net Assets	\$ 8,634	\$ 79,659	\$ 198,457
	<hr/>	<hr/>	<hr/>

<u>Risk Management</u>	<u>Unemployment Insurance Compensation</u>	<u>Workers' Compensation</u>	<u>Total</u>
\$ 371,255	\$ 125,978 161	\$ 794,322 2,611	\$ 1,327,372 2,772 41 21,793
<u>371,255</u>	<u>126,139</u>	<u>796,933</u>	<u>1,351,978</u>
			417,312
			417,312
<u>371,255</u>	<u>126,139</u>	<u>796,933</u>	<u>1,769,290</u>
			44,650
		802,248	811,431
<u>0</u>	<u>0</u>	<u>802,248</u>	<u>856,081</u>
			76,925
			57,455
<u>0</u>	<u>0</u>	<u>0</u>	<u>134,380</u>
<u>0</u>	<u>0</u>	<u>802,248</u>	<u>990,461</u>
<u>371,255</u>	<u>126,139</u>	<u>(5,315)</u>	359,857 418,972
<u>\$ 371,255</u>	<u>\$ 126,139</u>	<u>\$ (5,315)</u>	<u>\$ 778,829</u>

City of Blythe, California
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
Year Ended June 30, 2012

	<u>Central Communications</u>	<u>Building Maintenance</u>	<u>Central Garage</u>
OPERATING REVENUES			
Charges for Services	\$	\$ 4,491	\$ 952,142
Other Revenues			
	<u>0</u>	<u>4,491</u>	<u>952,142</u>
Total Operating Revenues			
	<u>0</u>	<u>4,491</u>	<u>952,142</u>
OPERATING EXPENSES			
Personnel Services			393,917
Contractual Services		2,686	8,014
Power and Utilities		102,470	9,654
Maintenance and Operation	5,017	126,886	241,069
Insurance			
Depreciation		12,302	173,223
	<u>5,017</u>	<u>244,344</u>	<u>825,877</u>
Total Operating Expenses			
	<u>5,017</u>	<u>244,344</u>	<u>825,877</u>
Operating Income (Loss)	<u>(5,017)</u>	<u>(239,853)</u>	<u>126,265</u>
NONOPERATING REVENUES (EXPENSES)			
Investment Income	30	90	
Interest and Fiscal Charges		(750)	(9,371)
	<u>30</u>	<u>(750)</u>	<u>(9,371)</u>
Income (Loss) Before Transfers	(4,987)	(240,513)	116,894
Transfers In	6,900	275,088	41,915
Transfers Out			(12,541)
	<u>6,900</u>	<u>275,088</u>	<u>(12,541)</u>
Change in Net Assets	1,913	34,575	146,268
	<u>1,913</u>	<u>34,575</u>	<u>146,268</u>
Net Assets - Beginning	6,721	45,084	52,189
	<u>6,721</u>	<u>45,084</u>	<u>52,189</u>
Net Assets - Ending	<u>\$ 8,634</u>	<u>\$ 79,659</u>	<u>\$ 198,457</u>

Risk Management	Unemployment Insurance Compensation	Workers' Compensation	Total
\$ 44,126	\$ 37,822	\$ 481,781 5,826	\$ 1,476,236 49,952
44,126	37,822	487,607	1,526,188
			393,917 10,700 112,124 372,972 482,251 185,525
144,055	20,786	317,410	
144,055	20,786	317,410	1,557,489
(99,929)	17,036	170,197	(31,301)
			120 (10,121)
(99,929)	17,036	170,197	(41,302)
288,895 (966)		(107,426)	612,798 (120,933)
188,000	17,036	62,771	450,563
183,255	109,103	(68,086)	328,266
\$ 371,255	\$ 126,139	\$ (5,315)	\$ 778,829

City of Blythe, California
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2012

	Central Communications	Building Maintenance	Central Garage
CASH FLOWS FROM			
OPERATING ACTIVITIES			
Cash Received from Customers	\$	\$ 4,491	\$ 952,197
Cash Payments to Employees for Services		(2,686)	(406,637)
Cash Payments to Suppliers for Goods and Services	(4,613)	(224,827)	(258,657)
Other Operating Revenue			
	<u>(4,613)</u>	<u>(223,022)</u>	<u>286,903</u>
Net Cash Provided (Used) By Operations	<u>(4,613)</u>	<u>(223,022)</u>	<u>286,903</u>
CASH FLOWS FROM NONCAPITAL			
FINANCING ACTIVITIES			
Advances from Other Funds	<u>6,900</u>	<u>275,088</u>	<u>(70,808)</u>
Net Cash Provided (Used) By Noncapital Financing Activities	<u>6,900</u>	<u>275,088</u>	<u>(70,808)</u>
CASH FLOWS FROM CAPITAL AND			
RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets			(38,325)
Lease Obligations Payments		(35,064)	(163,757)
Interest Paid on Long-term Obligations		(750)	(9,371)
		<u>(750)</u>	<u>(9,371)</u>
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>0</u>	<u>(35,814)</u>	<u>(211,453)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	<u>30</u>	<u>64</u>	
Net Cash Provided (Used) By Investing Activities	<u>30</u>	<u>64</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,317	16,316	4,642
Cash and Equivalents - Beginning of Year	<u>6,713</u>	<u>5,829</u>	<u>0</u>
Cash and Equivalents - End of Year	<u>\$ 9,030</u>	<u>\$ 22,145</u>	<u>\$ 4,642</u>
Reconciliation of Operating Income (Loss)			
To Net Cash Provided (Used) By			
Operating Activities			
Operating Income (Loss)	\$ (5,017)	\$ (239,853)	\$ 126,265
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation		12,302	173,223
Changes in Operating Assets and Liabilities:			
Accounts Receivable (Increase)			55
Inventory (Increase)			6,691
Accounts Payable (Decrease)	404	4,529	(6,611)
Accrued Liabilities (Decrease)			(12,967)
Compensated Absences Payable (Decrease)			247
	<u>(4,613)</u>	<u>(223,022)</u>	<u>286,903</u>
NET CASH PROVIDED (USED) BY			
OPERATING ACTIVITIES	<u>\$ (4,613)</u>	<u>\$ (223,022)</u>	<u>\$ 286,903</u>

Risk Management	Unemployment Insurance Compensation	Workers' Compensation	Total
\$	\$ 37,818	\$ 481,733	\$ 1,476,239
			(409,323)
(201,991)	(34,209)	(245,889)	(970,186)
44,126		5,826	49,952
(157,865)	3,609	241,670	146,682
287,929		(7,244)	491,865
287,929	0	(7,244)	491,865
			(38,325)
			(198,821)
			(10,121)
0	0	0	(247,267)
			94
0	0	0	94
130,064	3,609	234,426	391,374
241,191	122,369	559,896	935,998
<u>\$ 371,255</u>	<u>\$ 125,978</u>	<u>\$ 794,322</u>	<u>\$ 1,327,372</u>
\$ (99,929)	\$ 17,036	\$ 170,197	\$ (31,301)
			185,525
	(4)	(48)	3
			6,691
(711)	(13,423)		(15,812)
(57,225)		71,521	1,329
			247
<u>\$ (157,865)</u>	<u>\$ 3,609</u>	<u>\$ 241,670</u>	<u>\$ 146,682</u>

City of Blythe, California
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2012

	Hydrocarbon Cleanup	Palo Verde Valley Transit Agency	Confiscated Evidence
ASSETS			
Cash and Investments	\$	\$ 1,046,715	\$ 15,976
Cash and Investments with Fiscal Agent			
Accounts Receivables		116,007	
Due from Other Governments	890,676	22,984	
Other Assets	30,004		
Capital Assets		770,495	
	<u>\$ 920,680</u>	<u>\$ 1,956,201</u>	<u>\$ 15,976</u>
Total Assets	<u>\$ 920,680</u>	<u>\$ 1,956,201</u>	<u>\$ 15,976</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 890,676	\$ 71,173	\$
Due to Other Funds	30,004		
Deposits Payable		814,719	15,976
Deferred Revenues		1,070,309	
Due to Bondholders			
	<u>\$ 920,680</u>	<u>\$ 1,956,201</u>	<u>\$ 15,976</u>
Total Liabilities	<u>\$ 920,680</u>	<u>\$ 1,956,201</u>	<u>\$ 15,976</u>

<u>Blythe Energy Project</u>	<u>Community Facilities District</u>	<u>Total Agency Funds</u>
\$ 5,735	\$ 312,448	\$ 1,068,426
		312,448
		116,007
	4,169	917,829
		30,004
		770,495
<u>\$ 5,735</u>	<u>\$ 316,617</u>	<u>\$ 3,215,209</u>
\$	\$	\$ 961,849
	6,527	36,531
5,735		836,430
		1,070,309
	310,090	310,090
<u>\$ 5,735</u>	<u>\$ 316,617</u>	<u>\$ 3,215,209</u>